MID-TERM REVIEW OF
THE GEF
RESOURCE ALLOCATION FRAMEWORK

Implementation of the RAF

Technical Paper #4
6 October 2008

Not edited
Not for citation or distribution

Draft

Contents

Implementation

See also other Technical Papers:
#1. Methodology and Context
#2. Design of the RAF
#3. RAF Allocations and Utilization
#5. Delphi Study of the GEF's Resource Allocation Framework Benefits and Indices

This paper presents the implementation of the RAF, including the roles and responsibilities; support and guidance; barriers to access of funds and promoting factors; emerging effects; and issues of cost effectiveness.

1 Institutional Roles and Relationships

This section reviews changes observed in the roles of GEF entities since the initiation of the RAF. Since the quality of communication is a foundation for fulfillment of institutional roles and strong working relationships, the next section addresses the levels, content and adequacy of support and guidance provided by the agencies and the GEF Secretariat to country governments.

1.1 The Organizational Setting

GEF is a network organization, made up of a diverse group of partners playing a variety of roles. While the GEF Secretariat was established to coordinate GEF activities, responsibility for the accomplishment of GEF goals is shared among the multiple entities. Flows of authority and accountability are complex. Relationships, particularly on an informal basis, shift and evolve as circumstances within and among the respective organizations change. For example, the basic role distinctions among the Implementing Agencies (the World Bank's emphasis on investment issues, UNDP's on capacity building, and UNEP's on scientific and technical issues) have blurred in recent years, due to a variety of factors including the tendency to feature integrated approaches in projects. Furthermore, the distinction between Implementing and Executing Agencies (with direct access) has also disappeared in recent years. Establishment of the comparative advantage policy for Agencies in June 2007 aimed to clarify these distinctions, but as described below the combination of this policy with implementation of the RAF has resulted in a new quality of relationships among the agencies, as well as between them and GEF Focal Points.

1.2 Changes Within and Among the GEF Entities

The RAF has not caused any major formal changes in roles, but "ways of doing business," organizational arrangements and relationships among partner organizations have shifted, in some cases significantly. The most significant developments are the ones that have taken place outside the realm of formal adjustments to the traditional roles, typically in response to constraints and opportunities presented by RAF implementation. These include:

- In general, the "bilateral" relationship between country Focal Points and the GEF Secretariat has grown in importance. Management of country project pipelines, an issue of less compelling concern before the RAF, is now critically important to all GEF entities. Operational Focal Points (OFPs) now play a more central role in pipeline planning and prioritization.
- The GEF Secretariat also appears to have become relatively more influential than before the RAF, due in part to the fact that the outcomes of project proposal reviews by the Secretariat affect country pipelines (and subsequently country and Agency access to financial resources). In addition, the Secretariat directly consults with Operational Focal Points regarding prioritization of projects within pipelines.
- Although members of the GEF Council were actively involved in the extensive deliberations leading up to approval of the RAF, some individuals have suggested that the method through which the RAF was approved (with limited formal Council consideration of the technical details of RAF design or implementation) indicates that GEF Secretariat's role in GEF policy formulation has expanded. Decisions on operational policies remain within the purview of the CEO.

- The pattern of changes among Implementing and Executing Agencies is mixed. Some Agencies appear to have expanded their levels of GEF activity in the RAF context, while others have slowed down.
- In the implementation phase of projects, NGOs and the private sector appear to be less engaged than they were before the RAF, perhaps in large part because of the more predominant role played by national governments in portfolio planning.

Other (non-RAF) changes in GEF policies and procedures have accentuated the changes in roles. During the first half of GEF-4, certain developments and reforms were put into place roughly at the same time as RAF came into full implementation. These developments include the stoppage of the GEF pipeline (in late 2006); revision to the project cycle (June 2007); approval of the Agency comparative advantage paper (June 2007), approval of focal area strategies for GEF-4 (July 2007), and revisions of project approval templates (September 2006, April 2008). These worked to reinforce the increasingly stronger role of the GEF Secretariat, with a commensurate shift in Agency positioning.

These changes together have generally added complexity to the work of GEF entities and country partners. Some of them, such as the timing of approval of focal area strategies, likely would not have been hindrances to normal forward progress in GEF had they not taken place along with early implementation of the RAF. Because these various changes have often deeply influenced entities' operating procedures and subsequent business approaches in response to them, and because the timing of the changes is approximately parallel with start-up of the RAF, it was not uncommon for persons interviewed by the mid-term review team to refer to these changes and their repercussions when discussing their "experience with the RAF." While the RAF design does not call for any of these changes, the shifts in roles and relationships observed are a summative result of the procedural developments themselves and RAF implementation.

The patterns and trends identified in the other technical papers, particularly in resource utilization, have affected how GEF entities conduct their business and relate to partner GEF organizations. Also, the flow of causality may be observed in the reciprocal direction: changes in GEF organizations' procedures and practices, including their relations with other GEF organizations, may influence patterns in resource utilization. RAF-related developments, such as reduced utilization and the procedural rules of the RAF itself, have affected institutional roles and relationships; and changes in roles and relationships within and among the institutional members of the "GEF family" have, in turn, contributed to current levels and patterns of utilization.

GEF Focal Points

While in some ways the RAF has empowered country Focal Points, in other ways it has diminished their influence. Most stakeholders find that the RAF can potentially strengthen the role of country participants. In the mid-term review survey, 63 percent of GEF stakeholders found it mostly or completely true that the RAF may strengthen country roles in portfolio planning, while 25 percent found it mostly or completely untrue. GEF country focal points and government staff were most likely to agree, with 77 percent finding the statement mostly or completely true.

The RAF seems to have boosted the focal point role in individual allocation countries. The administrative and political resources available to Operational Focal Points in individual allocation countries tend to be better than in many group countries, though not without constraints. It is the Focal Points in individual allocation countries that tend to be regularly contacted by GEF Agencies. In some cases, especially with medium-size allocations, focal points report that the RAF allocation has provided them with a platform for coordination and attention to GEF matters, among other ministries and at the political level. In some cases the four-year allocation actually amounted to a total sum that raised interest in ministries of finance, whereas the ad hoc project approvals of the past did often not reach that critical level. The certainty attached to the individual country allocation helps to attract stakeholders, including GEF agencies, and often promotes a more deliberate approach to portfolio planning. This last point is the major example given, among the Focal Points from individual allocation countries with whom the mid-term review team spoke, of how the RAF has delivered positive results for their work. For example, in Bulgaria the RAF increased awareness at the political level and GEF priority-setting is now undertaken at the ministerial level.

Group allocation countries are often lower-income countries with relatively limited institutional capacity for managing a GEF portfolio. The scope of consultations on national pipeline priorities tend to be similar whether or not the country has a large or small allocation, which puts a relative higher strain on the smaller countries.

GEF Secretariat and Agencies

The role of the GEF Secretariat has changed, but its institutional capacity is challenged. The influence of the GEF Secretariat – significant to begin with before implementation of the RAF - has expanded, but not without strains. As in other examples cited, the influence of GEF Secretariat within the RAF context has evolved on an informal basis. The Secretariat has become more influential vis-à-vis the agencies and Focal Points as a development accompanying RAF implementation: The GEF Secretariat reviews of project proposals carry implications for the status of country pipelines and utilization.

The pipeline consultation teleconferences between the Secretariat and OFPs in early 2007, in particular, is a prime example of new bilateral relations between countries and the GEF, enabled by the introduction of the RAF. While the idea of the teleconferences was welcomed by most, there has been no capacity for systematic follow-up, a constraint clearly felt by many Secretariat staff.

The Secretariat has undergone considerable changes and turn-around, feeling its way. The Secretariat staff have many, and sometimes conflicting, roles to play. In RAF implementation, the Secretariat has a facilitating function, but also sees their role as one of quality control and steering the project development and approval process. In their other functions, the Secretariat staff, and particularly the CEO, makes decisions on other issues as separate concerns, such as focal areas, policies, project rejection, cycle and format, and financial requirements. Some such decisions have implications for the RAF implementation and relationships; in fact the right balance is difficult to strike between the role as facilitator and as the keeper of GEF priorities.

The organizational rearrangements in the Secretariat may also influence RAF implementation. Relationships and internal lines of responsibilities are not as smooth as some would wish, with the external relations team interacting with focal points on general concerns on their pipeline; the focal area teams interacting with Agency task managers and sometimes countries on project proposals, and the operations team interacting with the other teams and Agency coordinators to facilitate overall RAF implementation. The staff turnover may also contribute to less frequent personal interaction between the Agencies and Secretariat staff.

The Secretariat faces hindrances to its effectiveness as a key institutional participant in GEF under the RAF, including:

- Considerable turnover of more than half of staff during the first half of GEF-4.
- Multiple functions and new internal organizational arrangements to address them, including an External Affairs unit, the focal area teams, and a new Natural Resources Management team created by merging pre-existing focal area groups.

- Cross-team communication within the Secretariat is challenged by the multiplicity of demands placed on the teams and the increasing need to coordinate effectively across teams; GEF Secretariat staff morale appears to be low. In the 2007 staff satisfaction survey of the WBG, only 22 percent of GEF staff felt that "all things considered, over the last 12 months, my unit (GEF) has changed for the better".
- Field visits and country contacts by the Secretariat staff are minimal, impeding adequacy of communication. Also, some agency and country sources have expressed concerns regarding the technical and regional competence of the Secretariat staff as displayed in the content of project proposal reviews.

Majorities among GEF stakeholders observe that implementation of the RAF may have been accompanied by enhancement of the influence of the GEF Secretariat in project and portfolio planning. In response to the statement that RAF implementation "may shift project decision making power in favor of the GEF Secretariat," sixty percent of all stakeholders indicated that it was mostly or completely true. The percentages for particular stakeholder groups similarly agreeing with the statement included 53 % among GEF focal points and government staff; 56 % among NGO and private sector organization staff; and 77 % for GEF agency staff.

While some entities have seen their roles changed considerably, the only relevant *formal* change in roles or responsibilities has been the additional responsibility for GEF Secretariat to manage the RAF; carrying out the design and acquiring Council approval of the design; making calculations according to the RAF formulas; informing GEF entities and partners of allocations, adjustments, and so on; and carrying out the mid-term allocation adjustment. In essence this is a program support function that provides the GEF Secretariat with access to information on RAF design and implementation. Additionally, this responsibility carries with it the need to consult with GEF Focal Points on pipeline prioritization; this provides GEF Secretariat with access to "how the RAF works" at country and project levels.

The RAF has significantly affected the GEF Agencies, with mixed but mainly negative results. With the increased influence of the OFPs and GEF Secretariat, in general the GEF agencies have experienced a reduced role in portfolio planning and, in some cases, marked reduction in overall GEF activity. The RAF has influenced the Agency composition, role and engagement by:

- Strengthening the government role in pipeline development; which has changed demand for certain type of projects. The World Bank Group's IFC only has three projects (already committed to) under RAF; their focus on private sector support does not fit under current government priorities.
- Reducing the availability of global and regional funds, and its direct steerage by the Secretariat, have curtailed the involvement of UNEP.
- The small level of allocation for group countries has affected all Agencies, in that most focus on larger countries that provide for synergies, projects with reasonable transaction costs and opportunities for mainstreaming. The perceived limit of 1 million US$ shifts the portfolio towards MSPs, which all stakeholders find less cost-effective and some Agencies have difficulty integrating flexibly into their own programming.
- Some countries did not have regular activity of the GEF in each replenishment period, For example, in GEF-3, 51 countries did not access GEF funds. Some Agencies now find it difficult to quickly develop small projects in a short timeframe, rather than work over longer time for a larger project less frequently as often happened in the past. This now puts pressure on Agency representation in such countries, which might not be as used to dealing with GEF requirements.
- The shift from historical allocation to a different RAF focus in some countries and the concentration of funding in other countries, have disturbed the pattern of engagement of Agencies. Countries are often quite specific as to which Agencies they want to work with, based on involvement with the Agencies on their regular portfolios. This has particularly affected the World Bank. For some

countries, the rise in the GEF financial envelope gave them leeway to work with preferred Agencies, such as EBRD in Russia.

- The RAF necessity of country dialogue and planning, encourages focal points to rely on country presence of the Agencies. The RAF has spread the funds over many countries. The Agency with the most extensive country office presence is UNDP, with 142 offices in developing countries, while the World Bank has around 111 offices.
- The walls between focal areas and the limited funds for some countries have enabled the push for programmatic approaches and multifocal projects to gain momentum. Both the Secretariat and the Agencies have taken on new functions with new design and implementation challenges under the programmatic approaches.

In the past, successful proposals often depended on a “champion” within an Agency to overcome challenges in pursuing GEF funding. This has become even more important now, at the same time as other Agency task managers have become more discouraged and often retreat from dealing with the added GEF complexities.

The policy on **comparative advantage** (June 2007) outlined the relative areas of technical and managerial strength for each of the GEF agencies and encouraged the agencies to focus their GEF work in the areas identified. A major outgrowth from this refinement of policy has been a notable increase in the tendency of OFPs to “comparison shop” among GEF agencies for the preferred project partner, shifting decision making power in the countries’ favor and placing agencies in a more directly competitive context than earlier. For example, a coordinator for an executing Agency noted that “A difference under the RAF is that now some countries are asking: What is your comparative advantage?”. Some OFPs use the RAF allocation to share smaller projects among several Agencies; this tends to crowd out the Agency needing larger interventions. The application of the comparative advantage policy would likely not have been as firm without the RAF.

In some cases, the GEF Secretariat decided to shift the Agency responsibility to another Agency, citing comparative advantages, sometimes late in the process and mostly without agreement by the OFP who had worked with the first Agency for project development. This has happened, for example, to at least four Pacific countries, and in Congo. This new role for the GEF Secretariat, in turn, creates disincentives for Agencies to put effort into project proposals if these might later be taken from them.

The rise of comparative advantage is one explanation for this, but other factors are involved as well:

- <u>Added complexity</u>, taking various forms, and frequent changes in format and procedures. It can prove difficult to match the resources available in a country’s RAF allocation to the project features an agency is capable of delivering. The priorities and capacity of an Agency’s country or regional office may need to be addressed.
- <u>Changes in financial context</u>. Reductions in corporate budget and the flexibility to negotiate fees, combined with the lack of availability of fees for programmatic approaches, and reduction in value of the US dollar in foreign exchange markets all contribute to financial strains on doing GEF agency business. Some agencies, such as the World Bank and the IFC, have made adjustments (formally or informally) in financial and other criteria for projects so that their involvement in GEF projects altogether has been substantially reduced. Others, such as UNEP, have fewer options given their mandates and have suffered considerably from the changes to financial structure.
- <u>Finally, additional functional demands</u> have been placed upon GEF agencies, including the inclusion of monitoring and evaluation plans with projects, expanded fiduciary responsibilities and the need to be prepared for audits and other forms of administrative scrutiny.

All of the changes above increase the cost of business for Agencies. In addition, an added function for the Agencies has been to provide training and information on the GEF changes and the RAF, as well as sometimes serving as the "messenger of bad news".

As described in technical paper #3, the major trend in the distribution of projects among the agencies is a reduction in World Bank GEF project resources, accompanied by a roughly comparable increase in the number of UNDP projects. UNDP's ability to provide technical assistance and capacity building supported by country offices and regional offices, plus its readiness to engage relatively small projects may help to explain why UNDP work is expanding. Sometimes UNDP is the only Agency with local representation. Also, the Bank's policy to favor blended projects (GEF grants with loans, to ensure cofinancing, reduce transaction costs and ensure critical mass) leads to reluctance to engage in activities valued under certain minima (for example, $ 4 million for some Bank units and $ 7 million for others).

Frustration with the GEF changes and requirements, as described in a technical paper #1, has been coupled with reduced support from the GEF. The instructions from the CEO to Agencies not to consult with countries and unilateral cancellation of their pipeline projects has further discouraged Agency commitment to the GEF. Some Agencies have other options for funding, or expectations of funding, although the new Agency climate change funds are not yet operational, and may feel they no longer have to endure discordant treatment from the GEF in programming.

The RAF has, in general, negatively affected roles of the private sector, civil society and the NGO community. There are a few excellent examples of government/NGO cooperation on GEF programming, such as in Honduras, Uganda and Madagascar. However, in the majority of countries the involvement of the NGO community has declined, or at least not improved. There was no involvement of consultation of the NGO network or accredited NGO partners on RAF design and operational policies for implementation, which might have mitigated some negative effects. No guidelines or other targeted support were offered. The RAF has affected NGOs in the following ways:

- Low or uncertain involvement in national priority setting. Where national committees for GEF matters have been established, the review found no systematic evidence of NGO membership. The focal points in interviews often did not indicate that they had consulted NGOs. In countries where priority-setting was undertaken through stakeholder workshops, NGOs did participate.
- Previously, much of NGO consultation happened at the project design level. As priority-setting has moved up to the portfolio level, the engagement of NGOs diminish. The reduction of the extensive project preparation and limited PPGs also tend to curtail pre-project outreach.
- Reduction in NGO project execution. NGOs used to execute 1.9 percent of FSPs, and 28.6 percent of MSPs (Joint Evaluation). Under RAF, twenty projects (all biodiversity, except one in climate change) are classified with NGOs as an executing agency, including three enabling activities, seven MSPs, and ten FSPs. These have a total budget of 63.2 M US$[1], a percentage of 11% of all funds (for FSP, MSP, grants and enabling activities), though over-estimated. Of fourteen country MSP and FSPs, eleven are in individual allocation countries[2].
- There is no reliable data on the involvement of NGOs as contractors or partners for project components, nor on services within projects, either before or under RAF. Smaller allocations and smaller projects would not favor such NGO components.
- Change in funding for the SGP, which is a key vehicle for access to GEF funding by community-based organizations.

Historically, the **private sector** executed 1.2 percent of FSPs and 4 percent of MSPs (Joint evaluation). There are now no projects under RAF executed by the private sector. This may be a low estimate since few projects have been approved, but the mid-term review consultations on the emerging pipeline did not reveal high likelihood of such projects. The lack of engagement of private sector will likely affect the recent policy on non-grant instruments (April 2008).

Factors given in the lack of involvement of the private sector include the central role of country governments through the OFPs, as well as the lack of certainty in accessing funding easily which the private sector needs. Much of private sector cooperation in the past has taken place through IFC, which has this as its specific mandate. IFC has additional alternative sources of funding and its own fundraising instrument through the SBI, that provide easier access to funds than the GEF. IFC is now working with three endorsed GEF-3 projects; there are no more proposals in the pipeline.

The main vehicle for GEF collaboration with the private sector is now the Earth Fund, previously called the GEF Public Private Partnership (PPP) Initiative, a global program approved by Council in June 2007 (ID: 3357, IFC) with the goal to establish innovative partnerships with the private sector to generate global environmental benefits in a sustainable and cost-effective manner. The budget for this multifocal project with a GEF contribution of 50M US$ draws on resources that have been identified through the Trustee's project data reconciliation and savings in the corporate budget resulting from the termination of the corporate budget for the Implementing Agencies. The PPP is based on GEF/C.28/14, *GEF Strategy to Enhance Engagement with the Private Sector*, discussed at Council in June 2006.

The PPP is designed around five initial "platforms" on Biofuels; Coastal Waters; Clean Energy Finance; Payments for Ecosystem Services; and Development of Alternatives to DDT to Control Malaria. As with other GEF programmatic approaches, the PPP will rely on project proposals to access the funds. The PPP will be managed by a separate Board. As the Partnership is not yet operational, it is too soon to say how it will affect the private sector and GEF cooperation.

Participants in the Delphi study were asked whether the RAF should be amended to take into account private sector involvement, since projects that involve the private sector may be more cost-effective and/or have greater long-term viability. There was no clear consensus among participants on this issue, though sentiment ran in favor of incorporating some measure of private sector involvement. The comments indicated that the private sector should be viewed broadly and include individual households (whose response to biodiversity conservation projects influences the effectiveness of those projects) as well as businesses.

Other GEF entities. The roles of the *other* GEF entities have not significantly changed; for Council, STAP, the Trustee, and the Evaluation Office. The Council's role has not changed substantially (although a few interviewees offered that the RAF itself represents an encroachment upon the Council's central role in resource allocation). Development and approval of the RAF clearly was a difficult process, one that elicited notable divisions of policy perspective among some Council members and also influenced negatively the working environment between members of the GEF family. But the Council has moved forward from the extended period of considering the RAF and has proceeded with its work since.

2 Guidance, Support and Transparency

Within the GEF network, the provision of support, information, policies and guidance is part of the function of the GEF Secretariat, as well as the GEF Agencies. This section addresses the key questions on how guidelines, information and GEF support facilitated timely and efficient implementation of the RAF, and the extent to which RAF design is transparent and publicly available to all GEF participants.

2.1 Support and guidance

The GEF has used the following channels to disseminate RAF related information and provide support to its stakeholders:

- ***CEO Letters and guidelines***: Around six letters, including guidelines, were sent to the GEF Focal Points during 2006, informing the countries of the RAF, and one letter related to the reallocation in August 2008 (see **Box 1**).
- ***GEF Website***: GEF Secretariat dedicated a webpage on the GEF website for all RAF-related documents. This website posted in September 2006 the Council and consultation documents related to the RAF, FAQs, and the public disclosure documents with allocations. It was then updated in August 2008 with the reallocation documents.
- ***Country portal***. The GEF Secretariat launched a country webpage with access to portfolio and pipeline information and RAF utilization, in January 2008.
- ***RAF documents***: The published documents consist mostly of Council documents and Progress Reports on the Implementation of the RAF, designed to assess the status of RAF implementation biannually.
- ***Sub-regional Workshops***: Sub-regional workshops by the GEF/UNDP Country Support Programme (CSP) have provided forums for discussion and sharing of information amongst the countries, including clarification on GEF rules and procedures and pipeline management.
- ***Teleconferences:*** Conducted in the fall of 2006 to spring 2007, the teleconferences between the Secretariat and 127 countries aimed to provide clear and constructive guidance and to seek agreement on pipeline prioritization.
- ***Country Support Program***: The program, starting in 2006, rolled out a package of support for focal points, an enhancement from what was previously available. It provides support with sub-regional workshops, constituency meetings, national dialogue workshops, a knowledge facility including a detailed project cycle guide, as well as Direct Support Funds to focal points of 8000 US$.
- ***Bilateral support and interaction***: Both the GEF Secretariat and Agencies have consulted bilaterally with countries to discuss RAF implementation issues and programming.
- ***Support to national consultations***. In some countries, the GEF Agencies have supported the government with arranging for workshops to consult on pipeline priories, or by undertaking studies to determine priorities, as well as providing basic training and information-sharing on RAF design and guidelines.
- ***Support to programmatic approaches***. The GEF Secretariat, partly assisted by Agencies, has undertaken consultations and design work to bring countries together in programmatic approaches (see section below).

On the issue of the usefulness of information and assistance to support utilization of GEF resources, MTR survey viewpoints appear to be somewhat sympathetic to ongoing efforts in this area by the Secretariat, the Country Support Programme, and other entities. When asked about the helpfulness of such information and assistance, a slight majority of stakeholders (51 %) found it to be helpful; but at the same time 31 percent found it to be a hindering factor and 21 percent found it to be both helpful and hindering. Overall, GEF stakeholders appear to be disappointed in the level of transparency regarding GEF design and the allocation process, but they are receptive to outreach and information-sharing activities.

Box 1: Letters and guidelines: schedule and content

CEO letter 1 (March 2006): Informed of information and assistance to be made available to facilitate transition to the RAF: (a) guidelines for implementing the RAF by end of March, (b) a series of subregional workshops to provide in-depth-information on the RAF.

CEO letter 2 with guidelines (April to May 2006): Provided each country with (a) interim allocations based on GEF-3 funding, (b) a list of concepts from PMIS in the two focal areas; (c) **first set of guidelines** for country and group allocation; and requested OFPs to (d) facilitate a national consultative process with all relevant stakeholders; (e) endorse an initial set of projects by 15 September 2006 consistent with the upper limit of the allocation.

CEO letter 3 (August 2006): Informed that (a) September pipeline target date is applicable only for proposals advanced for a possible December 2006 work program; (b) As GEF-4 progresses, GEF will continue to receive country endorsements; and (c) GEFSec will communicate to countries a schedule of periodic reviews for pipeline entry of concepts during GEF-4.

CEO letter 4 (October 2006): Informing that (a) it is not clear how received country proposals reflect national priorities, GEF strategies, and global environmental commitments, and Agency comparative advantages, (b) teleconferences will be held to clarify.

CEO letter 5 (December 2006): Letter to the Council and Agencies on the 2007 pipeline, with criteria and rejecting 115 proposals. The CEO confirmed that she had not informed any country that project concepts were canceled. The door was not permanently closed for project concepts that were not included in the 2007 pipeline. In June 2007, the CEO would present to the Council for approval the revised focal area strategies for GEF-4. Thereafter, the pipeline would reopen for submission.

CEO letter 6 (December 2006): Announced inclusion of 21 new SGP countries, and informed on financial limits and procedures for funding country SGP, and called upon countries that have developed significant capacity to shift their source of funding for the SGP to their RAF indicative allocations.

Second Set of Guidelines (October 2007): On new project cycle, new guidelines for the implementation of the RAF, informing that (a) Projects need a PIF; (b) Countries can contribute part of their individual allocations to the SGP in the country; (c) GEF Secretariat will periodically report on the progress made in programming allocations available under the RAF.

CEO letter 7: reallocation and Third Set of Guidelines (August 2008): On group allocation, as part of the document, "Rules for Utilization of the RAF Resources by Group Allocation Countries After July 1, 2008," posted on the GEF's website in August of 2008.

The extensive guidelines and support have not succeeded in making the RAF transparent and accessible. Guidance, especially on implementation issues, has not been sufficient or fully consistent for countries and agencies. The GEF partnership moved quickly to provide information once the RAF had been approved. The workshops under the Country Support Programme and the GEF country profile page have been helpful in providing basic information to focal points. The sub-regional workshops appear to be the most effective form of communication between the GEF Secretariat, mostly its external relations team, the Agencies, and the Focal Points. The workshops provide a good format for questions and answers on the RAF, especially for new focal points. It is less certain how the numerous concerns raised are dealt with or followed up.

The effectiveness of guidance on implementation and support provided seems to have been counteracted by changes in guidance and decisions, or indications of follow-up that did not materialize, so that many countries did not know quite how to proceed. From the communications, countries and Agencies would expect "periodic summary of the resources allocated for a specific focal area to a country, the amount that has been utilized, and the amount that remains for financing new activities in the focal area", a schedule of periodic reviews for pipeline entry of concepts during GEF-4, especially for group countries and the Global and Regional Exclusion for which "the GEF Secretariat will maintain a pipeline of projects that qualify to be funded". Some of these items are available, some not, but not in the form of communication to focal points. On pipeline priorities, countries were told on different occasions to prioritize for GEF-4, then only for the first year, to keep a higher pipeline than allocations; to only keep in pipeline to what would be allocated. The initial RAF guidelines indicated that all countries, including those in the group, could fund the SGP from the RAF, then they were told they could not, or only to a certain amount.

The Council had requested that the GEF Secretariat prepare a handbook to assist the countries and agencies with the management of GEF resources under the RAF. While the April 2006 guidelines were necessary and crisp, they fall short of standards associated with a *handbook.* A GEF Operational Manual, requested for some time, was finally released in November 2007, but is not accessible to country stakeholders and does not add RAF information beyond the guidelines.

Tools were not provided to help OFPs inform other stakeholders. Some countries hired personnel to help with the translation of these guidelines, which cost time and resources, but were unable to maintain its update with subsequent changes. For example, Sri Lanka translated the RAF documents into Sinhala. Countries have expressed concern that the direct support facility, established before the RAF at 8000 US$ does not suffice with the expanded role of Focal Points and national consultations. For example, Togo had three ideas for projects that were sent to the Secretariat in August 2006, based on a consultation meeting 17 August 2006 for which the focal point used the financial support. Then the teleconference with the Secretariat took place on 27th October 2006, during which it was suggested to make a regional project with Benin, confirmed by the Secretariat follow-up letter (16 November 2006). The focal point informed the MTR that "Now there is no money left to consult on that".

Historically, countries often relied on the Agencies for instructions on GEF procedures. For the RAF and the new cycle, in many cases the Agency country offices also remained uncertain about the changing rules, as they were not party to additional information beyond what was available to the focal points. Exclusion from pipeline discussions and changing implementation arrangements have hampered the Agencies' ability to provide clarifications and support to countries.

Once the initial launch was complete with discussions on priorities, country concerns have moved to support for developing PIFs and projects to access funds within the RAF period. In this changing context, neither the GEF Secretariat nor the Agencies have been able to provide timely and clear feedback to countries. The mid-term review found numerous cases of country queries without a timely response. With the changing roles in the partnership, countries are not certain whom to turn to for resolution and miscommunication occurs. The country webpage does not provide up-to-date status of PIFs *before* they approved by the Secretariat, so that counties wonder about the status of their project idea. This does not imply that Agencies and GEFSec are not working on the issue, but that the channels of communication for feedback do not seem to function effectively. The trend of bilateral discussions between partners, in a multi-party network, appears to have caused a number of misunderstandings.

As per Council's request, the GEF Secretariat has prepared progress reports on the implementation of the RAF. In general, stakeholders do not find that the format of these reports helps them in obtaining an accurate and realistic picture of the status of the RAF. Some guidelines were issued as part of these reports, i.e. criteria to be used in managing the group allocation, and the global and regional exclusions. As this report is not well known to country stakeholders or task managers, this channel does not reach them.

Overall, the GEF channels of dissemination of information have relied on traditional support mechanisms - of letters, guidelines and sub-regional workshops. These may not suffice for the kind of training and continuous support needed, for a multi-component, multi-dimensional system with so many different actors and country RAF categories. The review heard numerous comments such as "The GEF Sec hasn't been very helpful. The issue is so complex that it needs a lot more support at the national level through the agencies. But often the agencies are also confused and hence don't help us" (focal point from Africa); and "GEF rules changed constantly; there was a lack of transparency and minimal support from GEF at a time when consistency and increased support were needed" (Agency representative). Enhancing the communication with the GEF constituencies is ranked one of the major issues of interest to stakeholders.

2.2 Transparency and Public Disclosure

The need for public involvement and information dissemination is set forth explicitly both in the GEF Instrument[3] and in the GEF definition of the RAF as "a system for allocating resources […} in a *transparent* […] manner…"[4]. Improved communication has become even more important in GEF-4. In 2007, the GEF Council approved a new communications and outreach strategy[5], which aims to improve the GEF's accessibility[6].

The most elaborate paper on disclosure of the RAF is the *Technical Paper on public disclosure of indicators* (April 7, 2005), for the second Paris consultation. The paper states that "Throughout its deliberations, the Council has consistently agreed on the need for public disclosure of the GEF Resource Allocation Framework to increase the transparency of the system."

For the RAF, the GBI and the allocations for countries were made public on 15 September 2006, after the GEF-4 replenishment was concluded and after GEF-4 were supposed to start[7]. This *Disclosure Document* contains, per eligible country, indicative allocations for the individual allocations, the GEF Benefits Index for both focal areas, and their percentage share of the GBI. For methodology, the paper refers to the approved *RAF document*. The RAF has caused a list of eligible countries to be made public, for the first time.

In its meeting of November 2005, the Council agreed that "Allocations for individual countries and the group will be publicly disclosed and the GEF Benefits Index (GBI) for all countries will be publicly disclosed; and, "With respect to the World Bank Country Policy and Institutional Assessment (CPIA) data used in the GEF Performance Index (GPI), a link will be provided from the GEF website to the World Bank website". Council discussions on disclosure had focused on the confidentiality of the WB CPIA indicators and how to address this. The lack of participation in design and development of the RAF did not allow stakeholders to engage in understanding the approach. Moreover, it has added to sense of discomfort with the final result and data.

In earlier discussions on disclosure (at the Paris consultation in April 2005), the GEF Secretariat had proposed that "The GEF will publicly disclose *all of the data and indicators used* in the RAF, subject to the public disclosure provisions imposed …." The items for full public disclosure included both methodology and the indicators for the GBI, GPI, BFI and Portfolio Performance Index (PPI). The approved RAF paper[8] states that "The public disclosure of data and indicators used in the RAF depends on the rules and conditions *placed on the use of such information by the source of the information [author italics]*". However, except for the conditions placed on the World Bank CPIA data used in the GEF GPI, the MTR has not found any overview of rules and conditions with the GEF Secretariat limiting disclosure of the 'raw' data from sources of information. All of the original data underpinning the GBI indicators are in the public domain, though not easily accessible in the same form as used by the GEF.

It was also proposed that for the performance index, "the indicators used to determine EEI (later called BFI and CEPIA) would be disclosed to respective countries only", as is the practice by World Bank annually for its CPIA scores. Apart from transparency, other organizations, such as WB and ADB, may use the scores for policy dialogue with the countries on what to focus efforts on. There is no evidence that this is done for the GEF performance scores. While the WB CPIA scores may be shared with the countries, the MTR found that this does not include the GEF Focal Points.

Regarding historical allocations, and noted in the Council Decision of November 2005, some Council Members requested the Secretariat to make available a country-by-country, project-by-project breakdown of allocations to countries in GEF-2 and GEF-3 so as to allow a comparison with allocations to be made in GEF-4 under the RAF. A country-by-country breakdown is now provided in the statistical annex.

The actual disclosure of information is less ambitious than originally proposed, and than what is legally possible. The GEF has not publicly disclosed all of the information needed in order for the countries to understand why they receive a particular allocation amount, including (a) the indices (e.g. formula); (b) the indicators that the indices consist of; (c) original data underpinning the indicators; (d) the methodology to develop the indices from this data, and (e) the allocations resulting from the application of the formula and indices. A majority (59 %) of respondents to the MTR's stakeholder survey indicated that they found it mostly or completely true that "The process of awarding country allocations may not be sufficiently transparent". This includes 60 % of GEF focal points and government staff; 71 % of GEF agency staff; and 63 % of NGO staff. Given the complexity of the scores and calculations, it is of course possible that further disclosure may not help provide such clarity.

3. RAF Effectiveness and Efficiency

This section addresses the key question "What are barriers or promoting factors for access to funds by countries, and underlying reasons?", linked to the changes in GEF programming from GEF- 3 to GEF-4. It builds on the changes in portfolio and pipeline, the contextual issues, as well as feedback from interviews and surveys (see other technical papers). Factors promoting or hindering access to GEF funds are summarized in **Box** 2.

Access of funds so far has not been fully satisfactory. Both in biodiversity and climate change, 33 % of individual allocations were accessed at the midpoint. Group allocation countries have accessed less, though their allocations are small by comparison; in biodiversity 27%. In climate change the contrast has been more dramatic, with only 5 % of the group allocation approved for projects[9]. Within each category of countries, the resource access is, however, uneven, among countries. With individual allocations, 12 biodiversity countries and six climate change countries have not accessed any funds; in the group allocation, 47 countries for biodiversity and 104 for climate change have not accessed any GEF funds yet. The diversity of allocation experiences suggests a mixed array of country capacities and of incentives for accessing GEF support. This variety in turn draws attention to a varying set of country needs for support and cooperation.

Box 2: Key factors influencing access to funds

☺ Promoting factors	☹ Barriers to access:
• enhanced predictability in GEF funding • historic engagement with GEF • country ownership • support from GEF and Agencies	• small allocations • corporate reforms and related developments • gaps in knowledge • capacity limitations • 50% rule • co-financing

3.1 Factors Promoting Access to RAF Resources

First, many countries have succeed in gaining access to RAF funds via approved projects. What helps them to succeed? Some countries have "rushed" to obtain project approvals under their allocations as quickly as possible (nine countries reached their maximum 50 percent of total GEF-4 allocations in June of 2007, over a year in advance of when the remaining 50% would be available). As seen in table 1, access in climate change in generally more difficult. In biodiversity, 61% of individual countries have a medium to high delivery rate, and 61% in climate change have zero or low resource utilization.

Table 1: Resource use of individual allocation countries at GEF-4 midpoint[10]

Utilization	Biodiversity (57 countries)	Climate change (46 countries)
High: Over 40%	19 countries (33%) Allocations range from 3.8 to 63.2 M US$	11 countries (24%) Allocations range from 6.1 to 150 M US$
Medium: 15-40%	16 countries (2 LDCs) (28%) Allocations range from 4.0 to 54.6 M US$	7 countries (1 LDCs) (15%) Allocations range from 3.1 to 38.1 M US$
Low: 1-15%	16 countries (5 LDCs) (28%) Allocations range from 3.7 to 24.2 M US$	16 countries (2 LDCs) (35%) Allocations range from 3.1 o 13.9 M US$
Zero	6 countries (5 LDCs) (11%) Allocations range from 3.4 to 10.4 M US$	12 countries (2 LDCs) (26%) Allocations range from 3.2 to 9.3 M US$

Based on discussions with GEF focal points and other stakeholders, at least four aspects of RAF setting have been beneficial to improved access.

First, improved **predictability** is especially true for countries with individual allocations. These countries tend to view their allocations as promoting a more systematic approach to GEF portfolio planning. This is especially true for countries with a high allocation, which have "revitalized" the GEF programming in some countries, such as India and Russia. For example, in climate change, the eleven countries with high resource utilization all have high country allocations, with exception of Uzbekistan (9.3 M) and Chile (6.1M). Of the 15 upper middle income biodiversity countries, all have high delivery (with exception of Panama and Argentina). As stated by a representative from Uganda, "The known amount of funding has helped to come up with concrete projects and ensure priorities are addressed" (Uganda, 22% resource utilization rate). Of the 19 lower income countries, most have no or low delivery in biodiversity, but with more exceptions (such as Pakistan, Vietnam, Kenya and Mongolia). However, predictability contains a limitation, in that knowing your allocation is small may inhibit national stakeholders from action. In both focal areas, the countries with low resource utilization generally have smaller individual allocations (or one or two LDCs with high allocations). (See also section on predictability.)

Second, a **history of engagement** with the GEF, coupled with an existing pipeline, has helped some countries to use the predictability of funding to push projects. They have either been able to progress with projects already under development during GEF-3, or even quickly generate new project ideas and bring them to the GEF Secretariat for approval. This obviously requires technical expertise in-country and familiarity with GEF requirements and processes. Virtually all the countries with high allocations and high resource utilization had a considerable pipeline already under development, and were able to continue almost as usual. This includes China, Brazil and South Africa for individual allocations, but also some group allocation countries that experienced a drop in funding under RAF, such as Jordan in climate change, and Ukraine in biodiversity.

Third an improved sense of **country ownership** is found in many countries, but is notable in the form of institutional responses most commonly among individual allocation countries. The increased significance of the role of the GEF OFP is both a manifestation and a contributing factor to increased ownership, but there is more involved in this than just the OFP's role. With a known allocation "ready for the taking" through the GEF proposal process, national stakeholders and agencies alike are given the incentive to contribute to proposal development and other tasks supportive of project delivery. The broadened participation and engagement of expertise can be a true resource – although in itself it is no guarantee that all choices will be the right ones. (See section on country ownership.)

The GEF Evaluation Office climate change program study (EO 2004) pointed out that "… the current system has led to cases of inconsistent focus *within* countries where the GEF is not consistently addressing major climate change needs related to either GHG emissions sources or expressed national goals". India was mentioned as an example whereby GHG emissions would justify more focus on energy efficiency, however "An attempt to develop a GEF country program [..] did not materialize in a strategy". Under RAF, an Agency representative noted that "India appears to be energized, has taken more ownership and moved GEF in a more strategic and pragmatic direction". This has materialized in a national programmatic approach on energy efficiency, of 40 million US$ approved in April 2008.

Finally, strengthened **support** from GEF entities is widely appreciated among the focal points, and can enable countries to more efficiently and effectively work with GEF agencies toward successful project proposals. This support may come from the Country Support Programme, by way of its subregional workshops and national dialogue initiatives, as well as the funds available to the GEF focal points for coordination. In addition, the development of a Country Page on the GEF website allows country access to portfolio and related information.

Some focal points have also reported positive, constructive working relationships with the GEF Secretariat counterparts involved with PIF or PPG reviews. The select CEO exceptions to 50% rule also brings up the overall rate of resource utilization. The Secretariat, with Agencies, have increased efforts on developing programmatic approaches to help boost access of funds by group allocation countries, especially in the Pacific, the Caribbean and West and Central Africa. These efforts have not yet materialized in significant increase in PIF approvals by most countries. (See below on programmatic approaches).

Many Agencies have also mobilized support to (a) help raise awareness and understanding of the RAF at country level; (b) facilitate national priority-setting, and (c) develop project proposals. The World Bank and ADB have worked to establish programmatic approaches in the Pacific, UNDP has helped Ecuador with priority development and other countries organizing workshops; UNEP has established a program on biosafety, EBRD and UNIDO responded quickly to develop a program in Russia; and IFAD supported Swaziland by sending a strong planning team and clarifying issues, and so on. RAF (and other reforms) has also introduced more competition amongst the agencies, especially in the larger allocation countries. One focal point (individual allocation) noted that "If the country has strong ownership, this competition is healthy." Countries that have a tradition of working with Agencies and coordinating efforts may have been more successful in securing support. Other countries, empowered by the RAF allocation and country responsibilities, have shied away from leaving the pipeline development to the Agencies (though this can affect their resource utilization).

Nevertheless, there is still high frustration with the overall lack of support in many countries. The shift in Agency composition has placed stress on other Agencies to fill the gap, with some resulting bottlenecks. Expectations that all countries should access funds in the four years, which was never historically the case, has placed additional demands on Agency capacity to develop projects. There have been delays in the development of PIFs and project documents, and most of all, insufficient feedback to countries on the status of their proposals.

The RAF design, although based on performance and potential, does not contain any incentives for high delivery and early resource use, though to some the lapse of unused funding at the end of the replenishment period might constitute an encouragement. Improved equity of access is afforded simply by the fact that even the smallest or poorest of countries is given, in theory, at least some allocation through the RAF. At the same time, of course, the hindering factors below may overcome such motivation, as it might if the potential access to equal funds does not materialize.

3.2 Barriers to Access to RAF Resources

Reduced rates of utilization may, with all other factors being equal, pose a threat to the quality of new or ongoing projects: Practice makes better; there typically is a first-round learning curve of portfolio management and project oversight for low-utilization countries. In addition, while monitoring and evaluation data are not yet available for GEF-4 projects, the small allocations may themselves threaten project quality.

a. Small Allocations

Countries identified the limited RAF allocation itself as barrier to access. This is especially true for the group allocation countries. For countries with individual allocations in a focal area, allocation levels vary considerably and even some of these countries see the RAF allocation as a constraint.

While the GEF-4 allocation pattern approximately matches the historical distribution of resources between the individual-allocation and group-allocation countries, under the RAF all countries face a **ceiling of funds** they may use. For many countries, and especially group-allocation countries that may have historically used little or no GEF resources, the RAF presents a dilemma: GEF resources are "newly available" in the sense that countries are given a tentative allocation, but access to these funds requires developing successful proposals that fit within the allocation as well as with GEF priorities.

In addition, a change in a country's historical funding levels, whether the change is an addition or reduction to the historical trend, can result in challenges. The funding limits and time constraints associated with the RAF have led to changes in patterns of accessing GEF funds.

In response to the statement, "Country allocations may be so small that they discourage development of project proposals," a substantial 71 percent of stakeholders indicated that they found it mostly or completely true. Among particular categories of stakeholders the corresponding percentages varied, with 59 percent of focal points and government staff, 73 percent of NGO staff, and 88 percent of agency staff finding the statement mostly or completely true.

The restricted level of funds inhibits access to resources in different ways:

- Countries that have seen a **drop** in RAF resources in the focal area compared to historical support, seem to have low resource utilization although past experience has demonstrated their ability to access GEF funds. For example, Egypt had on average 17M US$ per replenishment period, and now has a utilization rate of 1.7% in climate change. Countries that now receive group allocation feel this constraint. Ghana (more than 6M US$ per replenishment period in biodiversity and 4M US$ in climate change) has accessed nil in climate change and 410.000 US$ in biodiversity. Burkina Faso and Uganda also have zero utilization. The interview with a government representative from Africa may shed light on underlying reasons: "In the focal point office we had a previous pipeline and portfolio, had developed capacity to that we could help other countries in region and local proponents. We had undertaken monitoring of the portfolio, advocacy and training and thus had many proposals and interested persons. RAF has destroyed that and killed off our motivation. There is huge frustration with all the proposals for which demand cannot be met. This has put the Ministry in a difficult position." While many such proposals would not have progressed to approval, the main issue is the expectation of funds that the RAF raised and that now cannot be met.

- Countries that have experienced a **switch** in resource availability between the two focal areas can labor to manage this dual focus, as seen in **table** 2 below. Substantial allocation reduction across replenishments can lead to low utilization.

Table 2: Uneven focal area resource utilization: Some examples

Country	Biodiversity	Climate change
Kenya	• 212% gain from GEF-3 • Utilization 29.9%	• 30% less than in GEF-3 • Utilization 3.8%
Peru	• 136% gain from GEF-3 • Utilization 45.3% in GEF-4	• 33% less than in GEF-3 • Utilization GEF-4 zero
Philippines	• 95% gain from GEF-3 • Utilization 40.2% in GEF-4	• 61% less than in GEF-3 • Utilization GEF-4 zero

- Small overall allocations often mean smaller projects, either by reducing projects to fit the allocation or from countries dividing the portfolio into smaller projects per national priority or Agency share. This "raises the issue of sustainability and impact of these projects" (Agency representative). Small allocations also increase transaction costs for all, and discourage use of GEF resources. "More money is often available more easily from other sources and there is a feeling that people don't want to bother with GEF" (African focal point). Some agencies, such as the World Bank, have operated under financial and other criteria (blended projects) for projects in some regions, which make it difficult to work with smaller projects.

- The limited funds can make it impossible for countries to address either national or GEF priorities, and so countries are discouraged from developing projects. From African focal points, the review heard that "The national priorities are so vast that they cannot be satisfied with one small project" and "We want to strengthen biodiversity conservation, but there's not enough money with one million". Other proposals cannot satisfy the relatively ambitious scope of the GEF-4 strategic priorities, especially in climate change where projects are historically larger to effectively address market transformation. Lack of compliance with strategies was given as reason for discouraging 36% (of 270) proposals discussed between countries and the GEF Secretariat in spring 2007.

b. GEF Corporate Reforms and Related Developments

During the first half of GEF-4, certain developments and reforms were put into place roughly at the same time as RAF came into full implementation. These changes together added complication to RAF implementation and resources delivery. They include:

- <u>Stoppage of the GEF pipeline</u> (late 2006 to early 2007). To allow for more efficient processing of project proposals, the CEO cancelled the existing pipeline, inviting countries to re-submit high-priority proposals for Secretariat review. Among other effects, this contributed to delayed approval of project proposals submitted early in GEF-4; hesitancy by Agencies as to what type of proposals to favor; this in turn increased uncertainties regarding countries' abilities to utilize their RAF allocations. The late replenishment also led to a stoppage of work programs in December 2006.

  By wide margins, respondents to MTR's stakeholder survey recognized the closeout and re-starting of the GEF pipeline as a hindrance to accessing GEF funds. Overall, only 11 percent reported that they found these changes to helpful, while 70 percent found it a hindering factor. Percentages of various stakeholder groups finding the pipeline changes a hindering factor include 35 % of focal points and government staff; 43 % of NGO staff; 68 % of GEF agency staff; and 78 % of Council members and alternates.[11]

- <u>Revision to the project cycle</u> (June 2007). In response to the presence of a grossly overloaded GEF pipeline, and to a GEF Evaluation Office analysis of the problem[12], the GEF Council modified the activity cycle by simplifying the identification phase, bringing it forward in time to allow for earlier concept approval. Loading project identification reviews up front offers the opportunity for simplification, but within the time-bound utilization environment of the RAF additional pressure is placed on the PIF phase to "get it right." As GEF entities have thus far worked with the new cycle, the occasional procedural error has been made, requiring time and effort to fix[13]. In addition, there has been a tendency for GEF Secretariat reviews to expand in scope and detail, countering the reform's intended simplification. Delays or non-approvals of submitted PIFs can carry repercussions for an entire pipeline, not only the immediate project under review. PIF reviews by the Secretariat therefore come to play a *de facto* role in country pipeline prioritization[14]. Whereas stakeholders pointed to reform of the cycle as a positive development, focal points expressed in the subregional workshops that the GEF application of the cycle remains a barrier, especially under a RAF four-year period. While the cycle is the same for all focal areas, PIF approvals in other focal areas are higher than before. The changes in the project cycle are viewed by stakeholders as more of a hindrance than an asset for accessing GEF funds; forty-six percent of all stakeholders recognized them as a hindrance, while only 24 percent viewed them as a helpful factor.

- Revisions of project approval templates (September 2006, April 2008). The initial form templates (and accompanying guidance) for submitting project identification information for GEF Secretariat review and approval were developed and made available for use in September 2006, but experience subsequently showed that revisions were necessary. In between, other drafts were circulated to Agencies. These changes were made, and revised templates were made available in April 2008. For those submitting projects for approval, this sequence resulted in two separate waves of revisions to the forms and guidance. In many cases the "original" GEF-4 submissions were revised versions of proposals remaining from GEF-3. Existing submissions were not "grandfathered," so that, as reported to us by several agency and Focal Point sources, requests for approval at times were submitted two or even three times, simply on the basis that the up-to-date template was required. As stated by an African Focal Point (individual allocation); "PIF [formats] changed several times. Sometimes these changes occurred every two weeks or so. This led to confusion and delays, as PIFs had to be resubmitted several times. It is difficult to get government officials to re-sign the PIFs and provide fresh endorsement letters for projects they have already endorsed. Just getting a new endorsement letter in some cases led to a six-month delay". The broader concern is that in practice, the GEF Secretariat process of proposal review discourages countries and agencies as they consider submitting subsequent proposals. The GEF Secretariat reviews are an important part of the activity cycle; they are intended to support GEF priorities and promote project quality. But if the reviews feature the potentially counterproductive effects noted here, the objective of making resources readily available to countries is diminished.

- Scope and timing of PIF reviews. Many interview sources expressed dissatisfaction with the content and timeliness of PIF reviews. According to reports from agencies and OFPs, there is a tendency on the GEF Secretariat's side to call for further details to explain or expand upon the content of the originally submitted PIF. The result has been bounce-backs (sometimes multiple over many months) and widespread frustration about the PIF review process. This dissatisfaction has been expressed by representatives from individual as well as group allocation countries. It represents something more than what might at first be taken as expectable "friction" associated with a proposal review process, since negative experience in reviews is having a chilling-out effect on some units in GEF agencies; countries and agencies become discouraged to submit subsequent project proposals because of the relatively low likelihood of approval and/or the lack of clear rationale for non-approval. The bounce-backs and delays in GEF proposal reviews together are a significant barrier, to some extent common to all focal areas. The RAF exacerbates this as a barrier, as countries develop projects to fit into the funding limitations of RAF, manage the 50% rule and try to work it through the RAF time period. Countries observe that "The PIF has become too detailed. To obtain support, some of these questions cannot be answered, and "In the past, it took time to get proposals approved by GEF after they were submitted. We thought this would move faster under the RAF, but this has not been the case (Africa FPs)".

- Approval of Focal Area Strategies for GEF-4 (July 2007). In content, the strategies are not generally seen to be constraining to country pipeline prioritization or agency technical approaches, but the fact that GEF-4 was a year old by the time the strategies were approved resulted in countries, agencies and GEF Secretariat proceeding with pipeline development, project refinement and prioritization consultations in the absence of approved focal area strategies. The strategies are quite broadly drawn, leaving room for interpretation and rejection, and at times the objectives identified in the strategies are too ambitious for countries to identify with strategically or to link with their own portfolios or projects, especially group allocation countries with limited funds. Countries point out a number of concerns; "..it is tough to compare relevance to global environmental benefits across projects" (Philippines); "With GEF strategies under evolution, biodiversity projects were found to be under land degradation; it took us a year to identify our projects with the proper focal area (Iran)", and that it is hard to fit innovative projects into focal area strategic priorities. As one result, there is "a lot of pressure to fit projects into non-RAF focal areas (agency staff)." The Programmatic Approaches and Multi-Focal Area Projects have also influenced the pipeline (See below).

- The bilateral teleconferences on the pipeline. The teleconferences between the Secretariat and focal points (2006-07) in were not formal approval points, but rather advisory consultations. At the same time, the follow-up letters identified projects that were allowed, not allowed, in unsure status pending provision of further information, and so on. In general, the rate of 'clearance' of proposed projects was quite low, and the clarity of communication with countries appears to have been weak at times. Moreover, actionable items were not fully clear to countries; and the parties supposed to take action on bringing proposals to PIF stage – the Agencies – were not part of the discussions. Consequently, the teleconferences have given rise to a number of misunderstandings that subsequently have affected the pipeline and resource utilization in many countries. The in-depth country reviews in 2008 revealed that "experience of the RAF negotiations for developing project proposals and endorsement of PIFs has increased the perception that country ownership of GEF projects has diminished. There has not been clear and transparent communications with countries regarding the design of RAF pipelines"[15]. Coupled with the instructions that Agencies should not negotiate PIFs before country/Secretariat agreement, the teleconferences led to a freeze in some countries and regions. See **box 3**.

Box 3: The teleconferences between the GEF Secretariat and OFPs

From October 2006 to April 2007, the GEF Secretariat conducted an ambitious exercise to communicate directly with OFPs regarding country pipelines and conformance of 586 proposed country projects with GEF priorities[16].

Going into GEF-4, a considerable pipeline of concepts existed. The countries (127) recorded in the teleconferences together had 198 proposals in the pipeline, of which more than 60% were not brought up by countries as priorities during the teleconference (77 projects in the pipeline were mentioned during the teleconference). Instead, focal points raised new proposals during the teleconference, or in priority lists submitted by 75 countries (388, approximately 66% of the projects discussed were new). This 'flip' can be explained by many factors. It raises questions on the sense of ownership of the 'old' proposals, of which many had been under development by Agencies for a while. The GEF project cycle, as pointed out in the Joint Evaluation (EO 2006), led to increasingly outdated proposals. The rapid turn-over of GEF focal points may also cause such shifts, as new focal points, when asked, would want to generate new priorities. Some focal points indicated to the mid-term review that they took the GEF request for consultation seriously, and the broad consultations naturally led to a broader range of priorities, or the opportunity to improve on 'old' ideas. Whatever the cause in different countries, the outcome was mixed.

Project ideas cleared. Approximately 24% of projects that were found in the pipeline and/or discussed during the teleconference (141) were 'cleared' to proceed for development by the GEF Secretariat. For 46% of the projects that received positive feedback by the Secretariat, GEF indicated the project appeared to be consistent with GEF priorities and objectives and requested countries to further develop their project. Of these (62% of 141) were biodiversity projects and the remainder climate change projects. Of 141 biodiversity projects that were 'cleared', 45% were proposed by countries with an individual allocation under biodiversity focal area.

Proposals were 'cleared' for 66 different countries with the most cleared projects (44%) in Africa. Approximately 35 African countries had at least one proposal approved, and on average, each country had two proposals encouraged. 40% of all climate change proposals that were cleared were proposed by countries with group allocation under the climate change focal area. India, Pakistan, and Cameroon had the most proposals with positive feedback (seven each); all three countries have 23% resource utilization in biodiversity at mid-point.

Project ideas not cleared. Most proposals did not receive a 'go-ahead' from the Secretariat. 46% (270) were not cleared by GEF, of which 62% were biodiversity proposals. Amongst the climate change proposals (102) that were not cleared, 54 projects (53%) were from group allocation countries. Amongst biodiversity proposals that were not cleared, 63% were proposed by countries with individual allocations under biodiversity.

Of the proposals that were not cleared, approximately 36% (96 of 270) were rejected mainly because GEF found them to be inconsistent with its priorities and objectives (45%). No reason was provided in the letter to the country for approximately 21% (of 96) rejected proposals. The GEF offered reasons for 79% of the proposals that were not encouraged; they did not relate to the RAF (i.e. projects were adaptation-related, belonged to non-RAF focal area, etc.), the project could be financed through other sources of funding such as the CDM, LDC, etc., the project was duplicative, EU accession related, or a specific project-related reason.

Maybe proposals. For approximately 63% (170 of 270) of the project that were not cleared, the Secretariat could not fully assess eligibility of the project, and requested more information (27%, 46 out 170). The remainder of the information that GEF requested was to understand how the project fits national and/or GEF priorities, how project fits within the national context, and/or satisfies GEF requirements for climate change or biodiversity. For approximately 60% (27 out of 46) of these proposals, GEF did not specify in the letter to the focal point what information the country needed to provide.

For the remainder of the proposals (84 of 270, 31%), the GEF provided one or more suggestions: revisions of the proposal, to choose amongst projects, merge a proposals with another, postpone the project for the second half of GEF-4, or that the proposals is not substantive enough to be a stand alone project (consider merging with an existing initiative), duplicative project, project has too little impact, or GEF needs to evaluate first phase before it can agree to second phase of the project. For the remainder of the "maybe proposals" (25%, 43 out of 170), GEF cited project-specific reasons for the proposal not being cleared.

One example illustrates the confusion; "Our concern with the RAF is that after the list of projects was submitted to the GEF Secretariat (24 August 2006), there was no response. So we don't know what to do next. We are still not sure whether we should work on new proposals or not. If we knew the status of our proposals, we would have a better idea on how to move forward in terms of accessing our allocation. Despite many attempts on our side to contact the Secretariat directly or through the IAs, we haven't received a response yet" (letters sending priority lists to the Secretariat 27 October 2006, 15 January 2007, 4 July 2008). (Africa individual allocation country OFP, late June 2008)

c. Gaps in knowledge

In order for the GEF to work effectively under the RAF, all the parties directly involved in implementation, GEF Secretariat, the GEF Agencies, civil society and private sector stakeholders, and perhaps most especially GEF country focal points, need to be kept adequately informed of the new set of RAF-related rules and procedures. Unfortunately, the history of the RAF, from even before its implementation, is characterized by limited disclosure of technical RAF design information, incomplete transparency of decision making, unclear guidance on how parties are to proceed, and insufficient support to members of the GEF family as they seek out information and clarification. The launch of the RAF was marked by a number of mixed messages or operational policy changes; as well as indication of further guidance and action that did not materialize. These limitations together have translated to procedural inflexibility in RAF implementation and weak institutional responsiveness, thus far, to concerns expressed regarding implications for project delivery.

Countries and GEF agencies together have struggled to share understanding of RAF design and procedures. The knowledge gap or lack of clarity in procedures leaves lower-capacity countries slower to respond or even "out of the game." In still other cases, an entity explicitly chooses to reduce its level of effort for planning or proposing GEF projects, in recognition of the related transaction costs of engagement, the relatively low level of "return on investment" through RAF funding, the limited relevance of GEF strategies to national priorities, or the realization that a preferred agency partner has disengaged for similar reasons. As told by an African focal point; "It has been difficult to understand the

RAF, and this resulted in delays. National stakeholders needed time to grasp the concept, and extensive consultations were also needed to improve understanding" (Sudan FP).

Most countries are now aware of the basics of what the RAF is and how it works. There remain some exceptions, however; some OFPs were still, in workshops during the summer of 2008, asking the GEF Secretariat about whether or not it is possible for a country to move from the group to an individual allocation. Others noted that they were not aware of which focal areas are part of the RAF until they attended a Sub-Regional Workshop presentation in June of 2008. Recipient countries that are represented at the Council were generally able to understand the RAF at an earlier point; but this understanding is not shared by their constituencies.

A knowledge gap can come about through a number of possible weaknesses in a chain of communication. In the case of GEF focal points, the high rate of turnover among GEF focal points, as well as other administrative factors, undermines efforts at sustained clarity of communication to countries regarding GEF procedures and policies. From an African country; "The RAF process has never started in my country. Our OFP is new, and got no information from the previous OFP. So far we have had no NDI, and have no projects." (Central Africa representative). One stakeholder mentioned "staggering amounts of disinformation out there", and most agree that there is a need to better inform countries on the implementation of RAF, and to improve the GEF information systems. Especially, individual allocation countries are clear regarding the amounts of money they have available, but not regarding the "how" to obtain it (including the 50% rule and other process concerns).

d. Capacity limits

Whether a country's RAF allocation is large or small, it calls for a bundle of basic resources, such as technical expertise, human time and energy, administrative capacity, networking and consultation skills and political influence, to effectively manage a country portfolio. When the critical mass of such resources is not present, the modest level of resources made available through a group allocation is not sufficient for a government to invest seriously in improving the situation. Focal Points in group allocation countries typically face daunting challenges from the beginning: limitations of communications infrastructure may inhibit the ability to stay informed about GEF procedural changes or guidance on pipeline management; some GEF agencies may select to "triage" their country partnerships, focusing on larger-allocation countries; and more powerful ministries in government may overshadow the policy interests of a relatively weak Ministry of Environment.

A country's environment ministry may carry some influence (in part due to the international attention given to environmental issues in the country), but it may prove difficult to draw the attention of top leadership to GEF activities in the more complex institutional context of a larger or somewhat wealthier country. The certainty attached to the individual country allocation helps to attract political attention and other stakeholders, including GEF agencies, and often promotes a more deliberate approach to portfolio planning.

At the same time, it is clear that administrative capacity can also be strained for the individual allocation OFPs, particularly in view of the fact that these individuals may be faced with the challenge of juggling the interests and concerns of more than one GEF agency, the GEF Secretariat, multiple national or local governmental institutions, NGO and community-based organization stakeholders, and implementing organizations. There are indications (for example, the relative levels of GEF-4 utilization across individual and group allocation countries) that these pressures have combined to favor somewhat those countries possessing relatively high levels of institutional readiness to engage stakeholders, negotiate with agencies and support project proposals in a timely way.

Among the various categories[17] of allocation, by far the largest category (78 countries, or 48 % of all countries) is constituted by countries with only group allocations.[18] Of these, 39% (30 countries) are from Sub-Saharan Africa and 39% are SIDS. The large majority of countries in special circumstances (least developed, crisis, small island developing states) receive group allocations in at least one of the two RAF focal areas. The resource utilization by least developed countries is just 8% as compared with non-LDC countries at 40%. An African focal point expressed a common view: "The role of the OFP has increased while the facilities available to the OFP have not increased. OFPs need more training, exposure, and capacity building" (African OFP).

Country capacity limitations are exacerbated by capacity issues in supporting institutions. Countries with large internal capacity can have broader Agency representation; can mobilize support form other sources and more easily pursue mainstreaming of GEF projects and secure co-financing. They also tend to have higher RAF allocations, though there are notable exceptions with middle to high income developing countries in the group allocation as well. In general, smaller countries fall within the group allocation, and may have limited Agency and other support to call on. In particular, communication from both the Secretariat and Agencies have not been adequate for the high and continuous need for clarification for countries, and for feedback on status of proposals. One Agency representative pointed to "Tensions between our mandate to give priority to LDCs and the tendency of RAF to work more with the mega-diverse larger countries. We are finding that we are investing most of our own resources in countries that are not supposed to be a priority".

The GEF Secretariat has taken on additional tasks and exhibits some capacity limitations in supporting implementation. The Secretariat was not set up well to implement RAF; new people were brought in at the middle of the process, many of whom had a learning curve to understand RAF or the GEF. Many stakeholders feel that the GEF Secretariat also was developing systems and rules or directives "as they went along"; considering also that their traditional role has not been to support implementation issues. The complexities, including logistics, of the teleconferences with countries, show the challenges in dialoguing with the large number of recipient countries.

The GEF Agencies also experience capacity limits in dealing with GEF projects and the RAF transition. Agencies may also be willing and able to provide support, but face barriers on their own. For GEF agencies, the RAF often means additional challenges, of at least three kinds: additional complexity in operations; changes in the financial context; and occasional mixed messages from the Secretariat and the GEF CEO regarding when and under what circumstances to communicate with country governments or other GEF agencies have added to agencies' operational challenges. It can prove difficult to match the resources available in a country's RAF allocation to the project features an agency is capable of delivering. The priorities and capacity of an agency's country or regional office may need to be addressed. Programmatic approaches and multifocal projects present new design and implementation challenges. Changes in financial context for Agencies and co-financing elements and blended projects add to the financial and managerial complexity of GEF activities. The policy on Agency comparative advantage, though not intended as such, has also become a barrier to access. In other cases, Agencies have reduced their involvement in GEF matters.

From a country standpoint, within the complex network of GEF entities, it can be very difficult to identify the origin of barriers that they experience. Focal points may see the agency as cause of delay in getting project approval. In some cases this appears to be true, and in other cases the logjam appears to be at the Secretariat review. The review heard numerous complaints that Agencies, "tend to disappear once they get the country's endorsement". Countries are frustrated of not knowing what the status of their proposals is.

e. The 50% rule

The 50% rule is a barrier, but not to all countries. It is too early to versify if countries have been waiting for the **50 %** point in GEF-4 to pass before submitting new PIFs. GEF expectations for project eligibility, including the 50 % rule, have been unclear for some countries.

A slim majority (51 %) of MTR survey respondents found the overall effect of the 50% rule to be somewhat or very negative. GEF stakeholders therefore perceive the 50% rule as somewhat less problematic in its effect on GEF programming and delivery than group allocations, which 58 percent of all respondents found to be somewhat or very negative.

This finding may be influenced by the fact that the launch of the RAF experienced delays so that few countries experienced the 50% rule in this replenishment period. Due to the delay in the start of GEF-4 utilization arguably would be expected to be less than half of the full GEF-4 levels. Exceptions to the 50% rule have been made by the CEO for operational reasons (see table 3 and the GEF reallocation document).

Table 3: Exceptions to the 50% rule

Country	Allocation US$ M	% use at midpoint	Reason
Biodiversity			
Mongolia	3.8	50.1%	3448: SFM Forest Landscapes Development and Conservation, 1.9M, Nov07
Vietnam	10.2	50.3%	3665: SFM Sustainable Forest Land Management - under the Country Program Framework for Sustainable Forest Land Management, April 07, 3.61M
China	44.3	52.5%	2369: PRC-GEF An IEM Approach to the Conservation of Biodiversity in Dryland Ecosystems - under the PRC-GEF Partnership on Land Degradation in Dryland Ecosystem Program, 3m, April 07
Guatemala	8.2	54.9%	ID2687: Improvement of Management Effectiveness in the Maya Biosphere Reserve (MBR), 4.5m, June-07
Thailand	9.2	56.9%	3517: Catalyzing Sustainability of Thailand's Protected Area System, , feb 07, 3.71M + PPG 0.09M
Mauritius	5.6	86.6%	ID3526: Expanding Coverage and Strengthening Management Effectiveness of the Terrestrial Protected Area Network on the Island of Mauritius, 4.55 M
Turkey	6.1	64.0%	ID1026: Enhancing Coverage and Management Effectiveness of the Subsystem of Forest Protected Areas in Turkey's National System of Protected Areas, 1.07M (and PPG 0.1M for ID3550)
Marshall Islands	Group		PAS
Micronesia	Group		PAS
Palau	Group		PAS
Ukraine	Group		1027: Strengthening Governance and Financial Sustainability of the National Protected Area System, Nov 07, 2.01M
Climate change			
South Africa	23.9	50.2%	
Malaysia	11.3	51.2%	3598: Buildings Sector Energy Efficiency Project (BSEEP), april08, 5.5M
China	150.0	51.3%	3534: Promoting Clean Electric Buses for the Beijing Olympics (CEBBO), may-08, 1.1M
Indonesia	16.3	57.4%	2935: Micro-turbine Cogeneration Technology Application Project (MCTAP), Nov-07, 2.86M 3296: Geothermal Power Generation Development Program, nov-07, 4.4M

f. Co-funding requirements

Countries are called upon to identify co-financing of GEF projects. The timing constraint of the RAF, combined with the prioritization and approval procedure challenges, result in a more complex environment for planning this aspect of projects. At times, for example where an OFP is located in a Ministry of Finance, the co-financing issue may be dealt with fairly readily, but this is the case in only a minority of countries. Countries with smaller allocations, and smaller projects, may find it more difficult to attract cofinancing.

Summary. Overall, there are both strengths and limitations to RAF implementation, especially as it relates to barriers to, or support for, improved country access to GEF funding resources. While such positive factors as predictability and strengthened support are helpful, at a GEF-wide level they cannot overcome the generally more powerful limitations observed, particularly the limited size of the allocations themselves, the GEF corporate changes that took place during the first half of GEF-4, and the gaps often experienced between the need for and availability of support. While the size of allocations would require adjustment to the design of the RAF (or an unusually large future replenishment), the other limitations are matters of procedural simplification, and of improvements to the administrative capacity of GEF entities.

Looking back, what opportunities were missed which, if taken, might have made implementation proceed more effectively and efficiently? Three areas emerge:

- First, fuller **consultation** with countries (and selectively with other partners, especially GEF agencies) at all stages, would have added value. Such consultation would include provision of feedback and project planning assistance with focus on strategic goals shared at GEF and country levels.
- Second, it would have helped greatly to clear the "**knowledge gap**", if the GEF were to open clear and readily operable channels for feedback and dialogue on how the RAF process was proceeding, with options available for procedural adjustments at the margin.
- Finally, the Secretariat itself would have benefited by improved **coordination** within GEF Secretariat regarding potential impacts of various reforms as they came to be part of the GEF policy agenda. As coordination and understanding within GEF Secretariat improved, so might knowledge and responsiveness from countries and other GEF partners.

4 Emerging effects

This section covers the key questions on the emerging effects of the RAF, related to country ownership and processes; and effects on special groups or modalities, such as global and regional programming, enabling activities, and the SGP. Key trends are summarized in **Box 4**.

4.1 Country Ownership

This section considers the key question of how implementation of the RAF may influence country processes for establishing GEF funding priorities. In addition, it reviews the extent to which the RAF may have improved or strengthened country ownership, with attention to the issues of contending priorities and the inclusiveness connected with national ownership.

Country ownership, or "country drivenness," as it is sometimes also referred to, is a foundational precept of GEF practice, as one of the ten operational principles of the GEF. As a characteristic both of country capacity and effectiveness of GEF processes, it is a critical link in a causal chain connecting:

- Aspects of GEF ways of doing business (such as transparency, clarity of communication and predictability in decision making); and
- Preferred results of enhanced country capacity (including informed and efficient working relationships with GEF agencies and other partners); timely submission of project proposals to the

Box 4: Key trends in GEF-4

- Merged projects
- Selection among projects
- New projects
- Smaller projects
- Less NGO and private sector
- Shift Operational Programs
- Multifocal area projects
- Programmatic approaches
- More MSPs
- Less project preparation grants
- Less global/regional projects
- Less enabling activities
- SGP growth in RAF focal areas

Secretariat; strong project design; and broadly inclusive consultation and prioritization to support country portfolios.

The concept of country ownership also contains some intrinsic tensions. While country ownership is essential to the planning and delivery of GEF projects, country environmental priorities may be at odds with those of other GEF entities. Also, "country ownership" in practice may or may not, depending upon particular country circumstances, involve engagement and consultation with a broadly representative group of stakeholders at national and local levels.

Enhancements to Country Ownership Linked to the RAF

Individual allocations. GEF operational focal points - especially those representing countries that receive individual allocations and the funding predictability that accompanies them - report an expansion in their role, from having been a "required stop along the way" for endorsement to engaging more actively in actual programming and prioritization. As one survey respondent commented, "Individual allocations truly put the countries in the driver's seat and country drivenness can reach its full manifestation"*).* In the group allocation countries, this new sense of empowerment is present on occasion, but it is much less common than among individual allocation countries. A relatively small country allocation can also generate a sense of ownership derived from a stated level of resources having been identified as available. At the same time, however, focal points and other stakeholders have noted that small country allocations tend to offer a less compelling platform for engaging agencies and other project partners.

Survey data help to confirm that there is broad (though certainly not unanimous) agreement that the country role has expanded. Sixty-three percent of all survey respondents found this to be completely or mostly true that the RAF may strengthen country roles in portfolio planning, while only 25 % indicated this to be completely or mostly untrue.

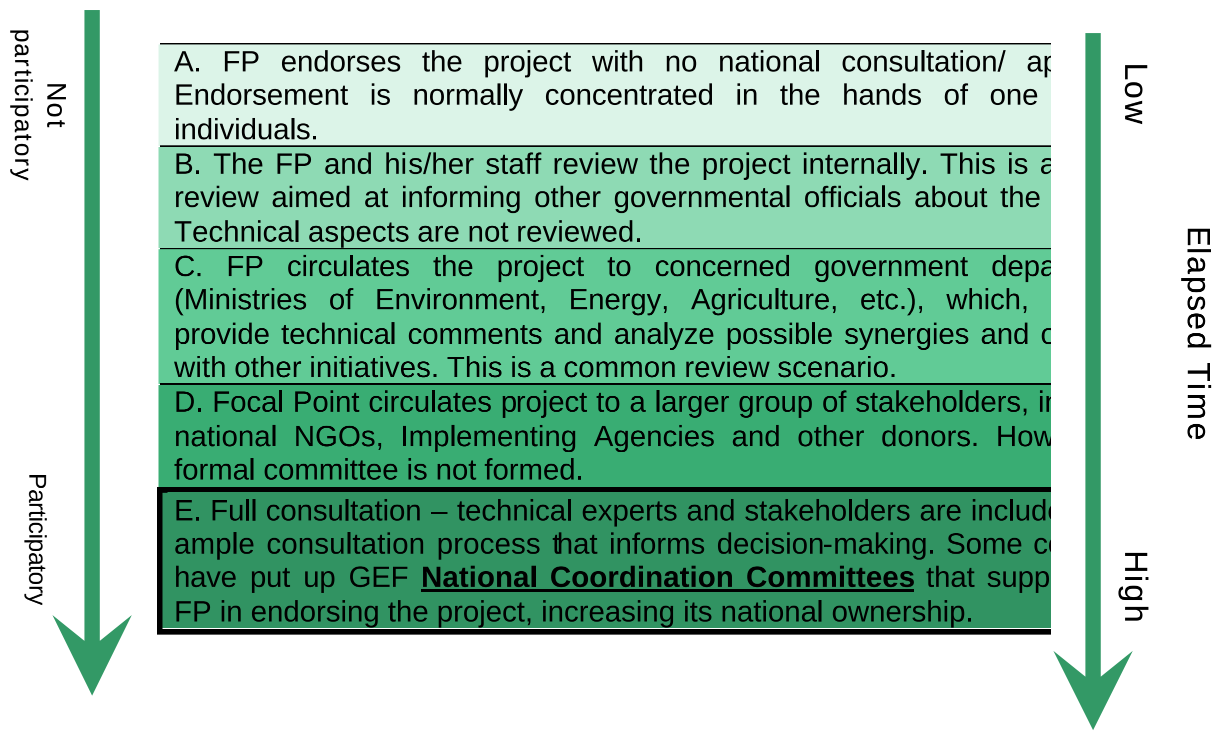
Another possible strength to come from individual allocations is that the associated certainty and levels of funding may empower countries in negotiating with GEF agencies. The implications of such empowerment vary greatly, based on numerous factors associated with country and agency contexts. Such strengthening nevertheless is perceived by members of the GEF family: Fifty-three percent of all stakeholders find the statement that application of the RAF "may strengthen country roles in portfolio planning" to be completely or mostly true.

Stronger institutionalization of country-level decision making, with a focus on portfolio prioritization. The processes and structures accompanying GEF project conception and prioritization in countries have in many cases been strengthened, in part because of the enhanced role of the focal point. Some countries have found that they can plan the use of resources in a more structured and methodical way that was not so possible under the "first-come, first-served" approach applied before the RAF. As noted by one focal point, "The good effect on FPs is due to the new responsibilities and the need of a national strategy to decide endorsements. This makes the whole decision process more national oriented and gives focal points good reasons to say yes or no to project proposals." An agency respondent commented that "countries with individual allocations have, for the first time in most cases, taken GEF programming seriously, instead of reacting to agency- or NGO-driven submissions. This has been a somewhat painful exercise, but ultimately has resulted in substantially increased capacity of the GEF focal point and associated staff."

India and Russia (especially in their climate change programs) may be examples of having brought more coherence to country portfolio planning in response to the RAF. In India's case, the RAF has enabled and strengthened national priority setting and coordination, as well as monitoring and evaluation of the portfolio. In pipeline prioritization, the Ministry of Finance, the Ministry of Environment and the Planning Commission are all involved.

Previous evaluations and research have noted identifiable steps or stages of progression in institutionalizing country consultations. The Joint Evaluation of the GEF activity cycle identified five scenarios of increasing levels of country consultation (see **figure 1**). As also found by other studies, formal national coordination mechanisms for the GEF (Scenario E) are limited to a few countries, such as Bolivia, China, Colombia, Poland, South Africa, and Uganda (GEF NDI 2005). These countries all have individual allocations under RAF.

Fig.1. Focal Point Endorsement
Level of national consultation



National consultations appear to have "moved up" from a focus on the project level to greater attention to portfolios. With the CEO request in spring 2006 for identification of national priorities, the level of consultation appears to have moved up a level, as depicted in the figure, in most if not all countries. Specifically, with the need to discuss a portfolio, namely a set of projects, consultations seem to have shifted away from the most common approach in GEF-3; project-by-project consultation. The following models are observed:

a. **GEF committees established.** Some countries reported that they have established national coordination committees, of varying levels of formality, during the first half of GEF-4. GEF Focal Points, Agency field office staff and others have noted in some cases that the RAF was the primary factor in encouraging governments to intensify and/or formalize national consultation processes. For example, the Congo established a new national committee with the government, UNDP, NGOs, civil society, FAO, WCS, IUCN and others. Pakistan has established a 'GEF cell' in the Ministry of Environment.

b. **Consultation meetings,** either of committees or of a larger group. Bhutan, for example, held a consultative meeting with all the stakeholders, which included the National Environment Commission, ministries and civil society and community groups.
c. **National consultative workshops and processes.** Some countries established a process to consult on proposals. For example, Indonesia held around 13 meetings, with around 60-80 persons to brainstorm ideas, which resulted in a long list of priorities that were reduced and communicated to the Secretariat. Sri Lanka also held at least two workshops on country policy and strategies and the GEF.
d. **Other innovative mechanisms** to establish priorities, such as contracting with a private sector company to assist in developing a country strategy in Ecuador or utilizing a national roundtable in Vietnam. Ecuador did not have a Steering Committee. UNDP supported the prioritization by hiring a consulting firm, Mentefactura, to help the government of Ecuador to review, validate, and align the country's priorities with the GEF focal area and strategic priorities. Mentefactura began its work in early 2006 and spent about one year on this exercise. Vietnam convened a roundtable with all the Agencies and more than hundred participants, based on a background study on experience with GEF issues, comparative advantages and matching GEF and national priorities.
e. Focal point decisions, or no priority discussion undertaken yet.

It is uncertain if the consultation structures for the portfolio are also used for PIF or project preparation and reviews, or for consultation on proposals in *other* GEF focal areas. It is also too early to establish if such coordination mechanisms are permanent and sustainable, or whether these are periodic for RAF priorities mainly.

More - and sometimes broadened - in-country consultation. With some important qualifications noted later in this section, as many countries have experienced greater certainty in funding and have strengthened the institutional approach to prioritization, the quality of participation in national consultations to establish priorities in country pipelines appears in some cases to have become broader and more systematic than previously. An NGO staff member said that "among the specific effects we have identified is that the RAF allowed the country to define their own priorities in a very participatory process. The process of identifying priorities empowered the national agencies and created good ownership of the proposals."

The RAF therefore can encourage a national approach to decision making, but focal points recognize that country funding levels often remain as a constraint. One focal point put it this way: "The need of a coordinated set of national goals is very useful for FPs' work and country planning. In any case, the amounts awarded are not enough to attain global impact."

The RAF and Limitations to Country Ownership

While country government engagement in portfolio planning has been strengthened, the picture regarding nongovernmental participation leaves room for concern. Country ownership is not the same thing as broad participation in planning, and in its strictest interpretation country ownership is government engagement in decision making. As one survey respondent noted, this is not necessarily a guarantee of project environmental relevance or quality: "Individual allocations have made GEF resources in-country political resources that GEF FPs can use to maintain relationships/balance among national agencies, as well as GEF agencies. To some extent, projects are not proposed solely based on their significance toward technical or global environmental impacts".

The GEF NGO community overall appears to be of mixed view regarding the RAF's effect on processes of country portfolio planning. Fifty percent of NGO respondents identified the RAF has having been "successful" or "very successful" in promoting transparency of country portfolio planning. The remainder of NGO respondents either found the RAF to have been unsuccessful or were not sure of their opinions on this issue. Only forty percent of NGO or private sector respondents reported that their involvement in country portfolio priority setting had increased moderately or a great deal under the RAF. Additionally, MTR interviews with NGO staff and comments provided through open responses to the online survey include a substantial number of concerns expressed regarding a perceived decline in effective NGO and civil society participation. Concerns included perceptions that governments manage projects according to the interests and priorities of the current focal points; lack of involvement of line ministries and in particular NGOs that used to have better opportunities to develop MSPs with a community-based focus; and low visibility at the local NGO level, partly due to lack of information from the government; and lack of material in local languages.

In the views of some, there is a disparity among types of NGOs in terms of access to GEF resources. One survey respondent observed that "international NGOs are not monolithic; the mega-international NGOs like TNC, CI, WWF, Royal Society for the Protection of Birds (RSPB), and some of their affiliated groups have benefited from the RAF. The smaller international and regional NGOs have been damaged by the RAF."

It is clear that there are some potentially significant limitations to the quality of country ownership under the RAF once we consider such ownership to include broad engagement of a spectrum of country stakeholders both within and beyond government.

While opportunities for strengthened country ownership may have been expanded, limitations to country capacity can leave country focal points "lost in a sea of change." As observed earlier, issues of country capacity can inhibit access to GEF funding. Similarly, these constraints can place limits upon a country's ability to actuate the opportunities that may be presented by the relative certainty of RAF funding. Constraints of particular relevance to country ownership include:

- Changeover in the staffing of focal points, due to changes in country political leadership, retirement and other career changes among civil servant staff, and so on. The need for climbing the "learning curve" of GEF processes is critical, making sustained focus at country government level both more important and more challenging. One survey respondent told us that "country focal points were probably the only winners in this [RAF] situation: the country support program intensified its support to them to help them cope with the uncertainties of the RAF; the RAF gave them greater power within their national context; they have felt empowered to select their own priorities. However, the lack of clarity on the application, conditions, timelines (and the parallel process of changes in the programming cycle) have rendered them a bit more fragile and lost in this sea of change."
- The opportunity posed by more institutionalized and systematic consultation on country pipelines can be mitigated by the time and staffing constraints faced by a focal point. Some focal points noted what is to them a tradeoff between effective consultation and efficiency in managing the portfolio. The fact that only 55 of 161 countries were successful in submitting pipelines to the Secretariat before the September 2006 deadline suggests the extent of this challenge. In addition to the constraints at the portfolio level, on top of this is the need to sustain support and ownership at the project level in-country.
- Finally, the various barriers to access to funding identified earlier tend to weigh against effective country ownership. These include, for example, the strengthened role of the Secretariat in country portfolio planning, the complexity of engaging in cross-boundary initiatives under the RAF and possible incompatibilities of programmatic approaches with country priorities (see below).

In sum, the status of country ownership under RAF implementation is mixed, with positive or negative assessments possible, depending upon just whom one may ask about it and the particular dynamics of each country or project situation. There are clear examples under which the "country drivenness" of portfolios has been strengthened, and at the same time it is not difficult to find situations in which country ownership is considerably constrained. While the RAF can provide a level of certainty in potentially available funding that had not been present previous to the RAF, the quality of country stakeholder participation, limits to country institutional capacity, and the array of barriers to funding function as powerful constraints on more complete country ownership.

Predictability

Ownership is also related to the perception of predictability of funding. One of the main advantages expected from the RAF was to promote increased predictability in the financing available from the GEF, which could help countries with programming and securing co-financing. The RAF has increased predictability for individual allocation countries by specifying at the beginning of each four-year replenishment period the resources each eligible country can expect from the GEF during period. Some regions that did not access large funds in the past, such as the Europe and CIS, expressed positive feedback on greater predictability of funding, which also helps the focal point in interacting with national stakeholders.

However, the level of predictability has not been even, and has been negatively affected by the following RAF design and operational factors:

- **Group allocation.** Countries in the group do not know the exact amount of their allocation. They know they can in principle access up to $3.5 or $3.1 million, but that does not provide sufficient predictability to help with long-term planning as it does for the countries with individual allocations. For some, predictability was higher before, when they could work for years on a project and still be likely to have it approved at some point.
- **GEF Eligibility and the Project Cycle**. For all countries, confusion over the project cycle and insufficient guidance and communication with the country Focal Points weakens the predictability of the RAF. Knowing the allocation amount but being unable to plan accordingly due to lack of clarity over eligibility and steps to take, presents countries with high transition costs and uncertainty in accessing their allocations.
- **50% Rule.** Many countries, including most of the Agencies, found that 50% rule has reduced predictability of four-year planning. Prohibiting countries from utilizing more than half of their RAF allocations during the first two years of the replenishment makes the process more complex and inefficient. Because the GEF information system did not address up-to-date pipeline status, the predictability of the 50% rule was particularly noted by the Agencies, that submitted projects and were told that the 50% rule was in effect for a given country.

While the mid-term reallocation exercise could have changed allocations and predictability, there was relatively low volatility in this reallocation For the GEF system as a whole, there is a trade-off with high predictability and the possibility of increasing allocations for countries based on performance and need. An Asian focal point also expressed that “The predictability of an individual country RAF allocation could be bad in the longer run, because a lot of money could potentially be lost if the allocation is not used timely”. There is some risk that the predictable amount is seen as an entitlement.

4.2 Portfolio and pipeline trends

This section addresses how priorities for the project pipeline and the nature of projects have changed, from two perspectives; (a) whether the introduction for the RAF had unintended, negative effects on the portfolio and projects; and (b) whether the RAF encouraged improvements in the portfolio. While the nature of the portfolio has been influenced by the changing context as well, the following changes are directly linked to RAF events and processes.

Operational programs

Within each focal area, the operational programs (OPs) describe how and under which themes the GEF implements its Operational Strategy (1996) and incorporates guidance from conventions. Historically, the projects in biodiversity OPs account for 17.1% compared to 7.85% now, and the four climate change OPs have decreased from 26.7% to 12.7% (see **table** 4), reflecting the low delivery of the RAF focal areas.

Table 4: OP share of resource utilization	**Pilot-GEF3**	**GEF-4 share**
OP1-BD Arid ecosystems	3.6%	2.9%
OP2-BD Marine ecosystems	5.8%	1.25%
OP3-BD Forest ecosystems	5.4%	1.4%
OP4-BD Mountain ecosystems	1.5%	0.8%
OP13- Agro biodiversity	0.9%	1.5%
OP5-Energy efficiency	8.9%	6.0%
OP6 Renewable energy	11.9%	1.8%
OP7 Low-cost technology	4.0%	0.3%
Op11 Transport	1.9%	4.6%
IW, OP8, 9, 10	11.6%	6.4%
OP12 Multifocal IEM	1.8%	0.38%
LD, Pops, Ozone	4.6%	18.3%
STRM, EA, SPA	11.6%	1.9%
Mixed OPs	24.3%	23.3%
Not specified	2.4%	29.1%
Total	100%	100%

The trends within biodiversity point to relatively more projects in agrobiodiversity and arid ecosystems, less marine, coastal and wetlands ecosystems. In climate change, sustainable transport and energy efficiency has grown, and renewable energy decreased.

These changes reflect the new GEF-4 focal area strategies; The shares of multifocal areas, OP12 or mixed operational programs appear similar, but figures may be skewed as the GEF database has less data on operational programs in GEF-4 (29.1% not specified).

Efficiency and elapsed time

One of the key aims of the new project cycle is to reduce elapsed time for proposals in the cycle. As reported in the Secretariat report[19] to the Council in November 2008, not enough projects have completed the preparation phase of the project cycle to make any definitive conclusions about whether or not targets have been achieved.

The focus of the Secretariat review was based on the targeted elapsed time in the preparation of full-sized projects from PIF approval by Council to the CEO endorsement of final project documents and for the medium-sized projects from PIF approval by CEO to final project document approved by CEO. The findings showed that shortening the project preparation phase is possible with efforts and determination made by all parties concerned.

Given that the GEF-4 started in February 2007, only PIF approvals since then are counted. Consequently, the projects that have moved from PIF approval to CEO endorsement by mid-2008 have taken less than a year. Ten country projects took less than six months, and nine projects took between six and twelve months from PIF approval to CEO endorsement (same pattern for global and regional projects; 50% are over six months). One project was CEO endorsed in the same day as the PIF was approved (tranched project)[20], but it entered the pipeline in 1999. The relatively short elapsed time from PIF to endorsement reflects that these projects are from previous replenishment periods, had been under preparation prior to the start of the revised project cycle and “re-pipelining” as PIFs.

For 28 fullsize country, regional and global projects approved since the GEF-4 effectively started, the actual average elapsed time from pipeline entry (concept approval under the old project cycle) to CEO endorsement is 40.4 months[21]. The 18 endorsed projects in the RAF focal areas have averaged 36.85 months. Some of the non-RAF projects have early concept entry dates from 1999. Under RAF the earliest concept approval date in June 2003 is the Global: GIAHS (ID2654), and Ukraine: Strengthening Governance and Financial Sustainability of the National Protected Area System (ID1027).

In the management response to the Joint Evaluation of the activity cycle and the Council decision, the timeframe of 22 months was established from concept (now PIF) approval to project start of project *implementation.* In the project cycle policy paper this was changed to 22 months from PIF approval to *CEO endorsement***,** before project start. In GEF-3 the average time from CEO endorsement to start was another four months for Agency approval and launch, which had been greatly reduced from previously and is not likely to be cut further. So in effect the standard timeline would now be around 26 months on average, and the approximate four months would be added to the 40.2 months to an estimated 44-45 months from concept approval to start.

One fullsize project under RAF, *Mainstreaming Prevention and Control Measures for Invasive Alien Species into Trade, Transport and Travel Across the Production Landscape* (UNDP, ID3254), in the Seychelles, is recorded in the Secretariat database as having started implementation.

For medium-size projects, 65 have been approved by the CEO. The Secretariat reported that the average elapsed time is close to 22 months from the original date of receipt to CEO Approval, with the average time from PIF Approval to CEO Approval of the final project document of 4.6 months.

In the new project cycle, service standards were also established for Secretariat response time to Agency submission of proposals, within 10 working days. The Secretariat has reported that close to 50% of all responses were delivered in 10 working days or less and around 90% were within 30 working days or less[22]. Feedback from the Agencies to the MTR indicates that the 10-day turnaround rule for submission to decision is not consistent. While non-approvals tend to come within 10 days, approval review sheets go to the CEO and get delayed 5 to 10 days. Sometimes the Weekly Management Bulletin states a submission date as up to 10 days later than the actual submission date from Agencies; and counting can begin from when the Secretariat staff is back from travel or holiday. More difficult to assess is the time spent on back-and-forth *before* formal submission.

Changes in pipeline and portfolio

Some countries had historically large resource use, continuous pipeline development and a large RAF allocation, such as China. If so, the changes from GEF-3 are limited. However, in most cases at country level, there are changes to the pipeline and portfolio, influenced by the RAF allocation and RAF priority-setting. The change in pipeline depends on the past historical involvement with the GEF and thus the likelihood of having a proposal in the pipeline already, and the RAF allocation, as follows: (a) Need to develop proposals, for countries with limited or no pipeline in either focal area (37 countries with no pipeline, including around nine with no historical allocation); and countries with existing pipeline but larger allocation than historically; or (b) Need to cut or reduce proposals, for countries with existing pipeline but smaller allocation than historically.

The evolution of the portfolio and transition from GEF-3 to GEF-4 can be tracked according to the following timeline:

a. **Baseline** at the end of GEF-3: At the time of the Joint Evaluation of the Activity Cycle established (EO 2006), there were 646 proposals in the pipeline (including 200 pre-pipeline ideas)
b. **Spring 2006**: The Secretariat sent the **existing pipeline** to countries, and subregional workshops, including FSPs that had entered the pipeline, MSPs and enabling activities under preparation. This included 198 country projects under preparation, and 39 global and regional projects in the two focal areas. A total of 88 countries had a pipeline. Around 37 countries did not have a pipeline in *either* focal area.

c. **September 2006**: The Secretariat informed the Agencies that all concepts currently in the pipeline would have to be **pipelined again.** This concerned concepts totaling about $1.7 billion, of which 119 had PDF-Bs. Of 177 concept in the pipeline, 96 were resubmitted by Agencies for re-pipeline, and 81 not.

d. **October 2006**: 75 countries sent list of country priorities to the Secretariat. Of these, 31% were countries with individual allocation in both focal areas, 20% were biodiversity individual allocation countries, 9% were climate change individual allocation countries, and the rest group allocation countries in both focal areas (31%, low in proportion to total number of group countries).

e. **October 2006 to April 2007**: The Secretariat undertakes **teleconferences** with countries, discussing a total of 513 proposals as summarized in follow-up letters from the Secretariat to the OFPs, including 465 country projects and 48 global and regional projects. Around 127 countries were called. Twenty-six countries had neither a pipeline nor a teleconference.

f. **December 2006**: 115 projects in the **pipeline were cancelled,** including 30 global and regional projects because the 5% RAF GRE had been frozen.

g. **July 2008**: 28 fullsize country, regional and global projects have been endorsed under RAF, and 65 MSPs approved.

When comparing the pipeline lists (a – g), there is no clear pattern or consistency between the different pipelines at these different points in time. In fact, considerable changes have been made. While the few projects approved so far are all naturally from earlier replenishment periods, many of the “old” GEF-3 proposals have been discontinued or not picked up in the country prioritization or in current approvals. The countries seem to have taken seriously the request from the CEO to consult widely and consequently broader priorities emerged. Some of these proposals had been long in preparation, and current focal point and government attention had meanwhile shifted to other issues. Whether or not these changes result in an improved pipeline, they have taken considerable cost and effort for Agencies and project proponents who had spent time developing them.

A total of 586 different ‘ideas’ and proposals were presented both in the initial pipeline and the teleconferences. Changes to the pipeline can result from the RAF introduction, from the teleconferences with the GEF Secretariat, and other modification during development related to national, GEF or Agency situation. A number of changes have been identified that primarily stem from the RAF consultations and the size and kind of RAF allocation. Such changes include:

- **Merging project proposals**. Countries developed list of project priorities, in part from existing GEF-3 concepts and in part new ones. Overlaps with proposed or past initiatives may have occurred, but merging was also proposed when funds would not suffice for several projects. This was experienced by Chile, Mexico, Niger, Sudan, Syrian Arab Republic, Tanzania, Thailand, Turkey, Uzbekistan, and others. In the case of the Mexico MSP *Sacred Orchids of Chiapas: Cultural and Religious Values in Conservation*, a consultative process ensured after the teleconference recommendation to merge the project with a larger project to consolidate protected areas. After letters and consultation between the Secretariat, focal point and Agency (WB), the CEO agreed to fund the project. Most of the other proposals have subsequently not yet reached PIF submission, as redesign may take time.

- **Choosing amongst several projects**. This case appears common when funds do not suffice for several projects, for group countries, or because of the 50% rule. It is also noted for those countries that had past experience with GEF projects and had a pipeline, but are now part of the group allocation. For example, Romania had to choose between two projects and select only one. The government found this “…hard as both were national priorities. In reality the Secretariat decided in the telecon to select Biosafety as the better project, also because Agencies was active for that project.” This was also found for Croatia (3 proposals), Dominican Republic (3), El Salvador, Georgia, Niger, Pakistan, Russian Federation, Swaziland, and Tajikistan. There are also cases of selecting projects in terms of timing, where due to the 50% rule or smaller allocations, a country had to select one project in the first half of the RAF, then wait for a second project, although in some cases the proposals was ready for submission. Croatia was requested to pick between such different proposals as (a) Implementation of the National Framework of the Cartagena Protocol on Biosafety; (b) Conservation of Wetland Ecosystem, or (c) Development and Implementation of a Strategic Plan on Invasive Alien Species. No proposal is submitted yet. Georgia was requested to choose between "Mainstreaming Biodiversity Requirements into Forestry Sector" and "Sustainable Use of Non-Timber Resources". An MSP for Catalyzing Financial Sustainability of Georgia's Protected Area System was approved in March 2008. Some countries informed the MTR that, although all proposals were of equal priority, they would select the proposal most likely to pass GEF approval.

- **Revising project proposals**. This is common in GEF project development, and would occur in any case when the PIFs are submitted to the Secretariat and changes are requested. Requests for changes were made by the Secretariat based on new focal area strategies, before and after the strategies were approved. However, the RAF contributed to such changes by allocation shift in comparison to existing pipelines. Changes were requested for Chile, China, Dominica (6 proposals), Indonesia, Malawi, Romania, Tajikistan, Tanzania (3), Turkey (4), Turkmenistan, Tuvalu, Uganda.

- **Dropping projects under development**. This occurred for several reasons; because the countries did not re-endorse on these proposals, because the RAF funds did not permit to prioritize them, or because the Secretariat dropped or rejected them. A total of 45% of 96 projects were discouraged in the teleconferences for lack of strategic fit. Of the start GEF-4 pipeline, at least 55 pipeline projects were not re-confirmed by the focal points[23]. The majority of there were in climate change (56%, 31) of which 13 in group allocation countries, which may have contributed to resource utilization issues.

- **Developing new projects**. A large number (388, 76%) of the 513 proposals discussed during the teleconferences were *new*, in the sense that they were not recorded in historic pipeline at the start of GEF-4 but reflect current government priorities. For only 24% of these (92 out of 388) the proposal was 'cleared' by the Secretariat; the majority in biodiversity (57, versus 35 in climate change). Most of these new, cleared ideas were found in Africa (48 of 92, 52%), which may be explained by the lack of existing pipeline in the region, and that these countries had regional support or recent projects approved in GEF-3. However, the proposals have not yet materialized into PIFs, as there appears to be a bottleneck in development of proposals, especially for the LDCs in West and Central Africa.

Although the proposals were new compared to the existing pipeline, this does not imply that they were new or innovative types of ideas, or of a different operational program focus. In any case proposals must comply with the focal area strategies. The new proposals concern historically traditional ideas, such as energy efficiency, renewable energy and transportation in climate change; in biodiversity, fourteen concerned biodiversity conservation, four protected area projects and six in biosafety.

Some projects still move on to approval or development even when not highlighted as priorities during the teleconferences. Of the 121 existing pipeline proposals not discussed, some were since approved (80) and some not (55). More proposals have been approved in biodiversity (55 of 80); including five enabling activities, twelve MSPs, and four CEO endorsed FSPs.

Modalities

The share of MSPs has increased. At GEF-3 midpoint, this share was 5.5 %, while at GEF-4 midpoint it is 9%. For small allocations, Agencies are encouraged to view projects as part of entire portfolios whereby some fullsize projects subsidize the cost of administering smaller projects. This has been difficult for the Agencies because of the increased unpredictability; for group allocations; application of eligibility and comparative advantages policy, and stoppage of the pipeline.

There is also a reduction in project preparation grants. This is mainly linked to the new policy to limit preparation grants within the new project cycle. The RAF may also create additional disincentives especially with regard to project preparation funds, because they take away from projects funds, in particular for countries with low allocations. Such countries often express the need for more support for project formulation. Up until the end of GEF-3, there had been a steady annual increase of PDF-B for FSPs, and PDF-A for MSPs. A total of 71% of full- and medium-size projects approved during GEF-3 had some PDF component, up from 60% in GEF-2 and 46% in GEF-1. In GEF-4, 61 PPGs have been approved for the RAF focal areas, but the amounts are naturally smaller than previously (1% of approved resources).

Project quality

It is too early to assess project design quality. Given all the changes to pipeline, it is not possible to determine if the portfolio has improved or not. In most cases, changes during the project formulation process mean more work, so that the proposals are not yet finalized. In the MTR survey, sixty percent of respondents were found that RAF implementation may place stress on the design quality of GEF projects". Clear majorities responded in this way among GEF focal points and government staff (66%), agency staff (71%), and staff of NGOs (61%).

The STAP conducted a review of proposals in 2007. STAP found that while in general, the problem definition was scientifically valid in a number of PIFs, there were a significant minority that did not provide a logical problem definition. As a consequence, the proposed interventions of these projects fell short of being scientifically valid. However, no comparative assessment of past portfolio is available, and the findings may also be influenced by the PIF format. There appears to be no discernible pattern for the RAF focal areas.

One emerging concern under the RAF is the promotion of innovation. The mid-term review heard from different sources that there is a risk that the RAF is reducing the chance for innovative projects involving more than one country, or innovative approaches in general and those not generated by governments. This seems to be linked to a number of factors; limited country funding, reduction in global and regional resources; the tighter focal area strategic priorities, and an inclination for countries to try to fit 'safe' projects to ensure that the GEF will find them eligible. The Secretariat may find itself constrained in launching new initiatives as well.

Programmatic Approaches

A GEF programmatic approach represents a partnership between the GEF, the countries, agencies and other interested stakeholders, such as the private sector and donors. At its meeting of April 2008, the Council endorsed the **objectives and basic principles** for programmatic approaches[24], namely to secure larger-scale and sustained impact on the global environment through integrating global environmental objectives into national or regional strategies and plans using partnerships. The first three programmatic approaches under GEF-4 were approved in November 2007, before the principles of the programmatic approaches were approved in April 2008. So far, twelve programmatic approaches have been approved in GEF-4. See **Box 5**.

Box 5: Programmatic approaches

Biodiversity
1. Biosafety Program

Climate Change
2. Programmatic Framework for Energy Efficiency in India
3. Umbrella Program for Promoting Energy Efficiency in Residential and Commercial Buildings

Multi-focal Areas
4. Pacific Alliance for Sustainability (PAS)
5. MENARID-Integrated Nature Resources Management the Middle East and North Africa Region
6. Coral Triangle Initiative (CTI)
7. PRC-GEF Partnership on Land Degradation in Dryland Ecosystems
8. Sustainable Forest Management - Programmatic Framework (SFM)
9. Vietnam - Country Program Framework for Sustainable Forest Land Management

Persistent Organic Pollutants
10. Demonstrating and Scaling-up of Sustainable Alternatives to DDT in Vector Management (DSSA)

While it is still too early to evaluate the programmatic approach, initial observations indicate that mixed results may be caused by ineffective application. There is as yet no compelling evidence that it expedites projects and access to funds.

The programmatic approaches were originally envisaged because of likely coherence and impact, and in hope that they would help overcome barriers in the project cycle. During the RAF, however, the programmatic approach is increasingly considered a potential solution to RAF resource utilization problems, especially for group allocation countries in specific regions. (As such there is an overlap with global and regional projects analyzed later).

The MTR survey shows that members of the GEF family hold mixed opinions regarding the usefulness of programmatic approaches in the RAF context. Among all stakeholders, 35 percent indicated that the use of programmatic approaches (such as the Coral Triangle Initiative and Sustainable Forest Management) are "helpful" in promoting access to GEF funding under the RAF; at the same time, 23 percent found it a hindering factor and 29 percent found it can be both helpful as well as hindering.

Process and procedures. At its June 2007 meeting, the Council specifically requested inclusion of program framework documents (PFD) for programmatic approaches in the work program, with all the projects to be financed under the program identified and the PIFs for the concepts presented[25]. While a resource envelope for the program is approved, financial commitment still through individual PIFs that may be presented at the same time as the PFD or within a year. As most programmatic approaches were approved in April 2008 it is too soon to say if this will materialize. MSPs can be brought to CEO only after PFD is approved.

Programmatic approaches can cause delays in project delivery, when Agencies and countries are asked to wait for a program to be developed although PIFs are already in progress. This has for example affected the UNEP biosafety projects that had to wait for 1,5 years for the PFD to be approved in April 2008 and for other Agencies to get on board. The Cameroon *BS Development and Implementation of a National Monitoring and Control System (Framework) for Living Modified Organisms (LMOs) and Invasive Alien Species* (IAS) (ID 3651, UNEP) was approved for pipeline in December 2006 and was finally approved with the PFD in April 2008. The current manner of applying programmatic approaches adds layers of bureaucracy to a process already perceived as complex and non-transparent. This, combined with the 50% rule and the four-year allocation, makes it more difficult to recognize the longer term perspective that a programmatic approach entails. The preparation of the PAS PFD took more than a year.

Key principles. As the first principle, the Council established that programmatic approaches should be **country-owned** and build on national priorities. Large countries with individual allocations seem to have been able to achieve this for their national programmatic approaches, such as the India Sustainable Land and Ecosystem Management (SLEM) program, the China Biodiversity Partnership Framework, Russia and Vietnam.

In spite of the new policy on programmatic approaches, the approaches remain unclear to stakeholders. Some countries feel they need support in this shift to more programmatic approaches, including help to produce proposals that will qualify; and need for more and reliable statistical data. The lack of understanding of how to engage in a programmatic approach, of roles, responsibilities and consequences, causes hesitancy. According to feedback at the subregional workshops as well as in bilateral interviews, countries support the concept in principle, but raise a number of concerns, as do Agencies.

Regional or global programmatic approaches do not arise from country demand but are mainly encouraged by the GEF Secretariat. The new role of the Secretariat in the design of program and inception of projects has caused some confusion among stakeholders. Participants in the subregional workshops in Africa posed a number of questions on the responsibility of the different stakeholders when going towards the programmatic approach, who is going to take charge of this, and who is ultimately going to be accountable for ensuring access of funds by countries. The group countries appear to prefer an individual country project but increasingly resort to regional programmatic approaches to access GEF funds.

As mentioned by a respondent to the NGO/private sector survey, "Country ownership is an important hallmark of the RAF. However, there seems to be a disconnect between the planning processes of enabling activities and the "additional layer" of GEF-4 programmatic approaches (such as the Pacific Alliance for Sustainability) which do not necessarily complement the earlier nationally driven decisions and priorities. "

Secondly, programmatic approaches should emphasize GEF's catalytic role and leverage of additional financing from other sources. For the regional multifocal programmatic approaches, much of the resource planning has centered on negotiations of how to use different GEF sources and how to package the program, from which focal areas, from country RAF resources, negotiating how much should be taken from the group allocation or from the global and regional exclusion, and so on. As put by one stakeholder, the PAS financial planning was "more like horsetrading".

A third principle is the open and transparent process of **multi-stakeholder representation**. Country stakeholders are still not sure about roles and responsibilities of entities involved and how the RAF allocation is used in this approach. Considerable more clarity is needed in terms of rules of engagement and how the GEF plans to implement the programs[26]. Countries observed that "guidelines for the new programmatic initiatives have been slow to come which has also slowed the process of RAF implementation". Implementation may also not always be in line with the ideal process established in the policy document. The NGOs have noted that it is more difficult for civil society to engage with programmatic approaches than for projects.

A fourth principle is the **cost-effectiveness** of programmatic approaches. Transaction costs are higher with a programmatic approach. The efforts to launch a programmatic approach can be considerable. The PAS, Congo Basin initiative and the West Africa programs are all based on a number of ministerial meetings, workshops and consultations. The coordination work and PFD preparation are not recognized; Agency fees are available only for project PIFs. At times the programmatic approaches may decrease competition by forcing coordination. Furthermore, some stakeholders noted that programmatic approaches are sometimes more difficult to link to the conventions, and that co-financing is especially difficult for global and regional projects. While there is support for thematic programmatic approaches, such as for Sustainable Forest Management (SFM), Biosafety and Terrafrica, a programmatic approach that is purely regional may not achieve the same cost-effectiveness. The added impact compared to individual country projects is not yet demonstrated.

The main issue with programmatic approaches is the lack of transparency, and lack of consistent involvement of all three key parties – the Secretariat, countries and Agencies. Some programmatic approaches were not sufficiently discussed with the Agencies from the outset. The notion of programmatic approaches tends to be discussed at constituency meetings or bilateral meetings. In the Pacific, Agencies were invited to the Palau meeting (March 2008) to finalize the PAS and the World Bank serves as Lead Agency. For the African programmatic approaches most discussions and planning were bilateral. Directives have also been given to change the Implementing Agency both in Congo and for the PAS for a number of projects, although another Agency had already undertaken initial work in accordance with the government's wishes. This leads to delays in preparation and frustrations among Agency and country.

The bilateral relations between the Secretariat and focal points and ministers are appreciated, especially to clarify eligibility and funding. The problems arise when turning to the Agencies that are expected to do most of the work in preparing the PIFs and the programme and obtain the funds needed, and this partner is not on board or informed of purpose and steps. The policy stipulates that a programmatic approaches needs a lead Agency to champion and coordinate development and implementation. The criteria for selecting the Agency are not clear, and in some cases the Secretariat plays this role. There are requests that the process should be open and cooperative from start, with an open marketplace for Agencies.

Especially complex are the financial arrangements. There are no specific rules, and deals can be made. Countries are left wondering how much they are asked to contribute to a regional program, and how much they will get back.

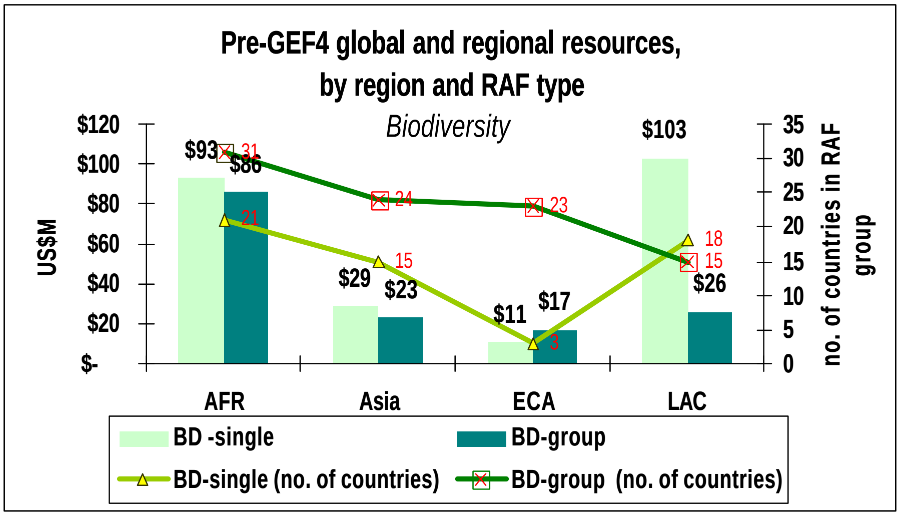
The regional programmatic approaches have engaged countries by promising the group allocation countries around US$2 million in the focal area. This is less than the maximum that they can obtain (3.1 m US$ and 3.5 M US$) but more than 1M US$, and is particularly interesting if they have not - or are not likely to - access any funds. If countries accept the 2 M US$, then they cannot expect to get any more funds from the group allocation. The individual allocation countries in the regions, fewer in number, are also encouraged to join the programmatic approach and all countries may access additional funds from the global and regional exclusion, as well as funds from the other non-RAF focal areas. In turn, a mix of individual PIFs and regional projects will be provided. To meet the overall financial target of the program, considerable negotiations can ensue.

Global and regional programming

This section addresses the key question "How has the allocation to global and regional projects been implemented, and what has been its relationship with individual and group allocations?" Under the RAF, global and regional projects can be funded both from the global and regional exclusion (GRE) (5% exclusion from the formula) and from individual countries using country allocations for regional or global projects[27].

The historical allocation to global and regional projects was considerable higher than the 5% of funds set aside from the RAF formula in each focal area. The RAF provides 50M US$ per RAF focal area for global and regional projects. Over the Pilot-GEF3 phase, a total of US$389 million was allocated across 165 countries in biodiversity, and $271 million in climate change. Historically, across all replenishment periods, resources for global and regional projects amount to 23% of biodiversity funds, and 20% in climate change focal area funds. As the use of global and regional resources has grown over the last replenishment periods, with GEF-3 shares at 29% in biodiversity and 37% in climate change[28], the GRE represents a dramatic drop.

The reduction in global and regional projects has particularly affected countries in Africa. African countries historically received the largest share of biodiversity global and regional resources (46%), as well as for climate change (37%). In biodiversity, Africa is followed by Latin America and the Caribbean (LAC) (33%) and then Asia (13%). In climate change, the Easter European countries (ECA) (23%) received the second most resources and then Asia and LAC (20% each).



Within these regions, the countries now receiving individual allocations have historically used larger amounts of biodiversity (61%) and climate change (56%) global and regional resources).

However, many smaller countries have been affected more by the reduction in access of these funds, because they were more dependent of regional support compared to their limited country projects. See **figure** 2[29].

For example, Burkina Faso, with a historical allocation of 22 M US$ in biodiversity for country projects, and 32M US$ including regional projects, is now in the RAF group allocation, as is El Salvador (12M US$ and 23M US$) and Lesotho (3M US$ and 11M US$). Kenya, with a historical allocation $64M including $34M for global/regional projects, is now allocated as an indicative country with $11M under the RAF totaled for both the focal areas. As another example, Honduras received $36M in the past with $15M for global and regional projects, and now has $7M in biodiversity and group allocation in climate change.

By **Agency**, UNDP accounts for the largest share (44%, US$166 million) of historical *regional* resources in the biodiversity focal area, while in climate change, the World Bank historically accounts for 46% of resources in regional projects. In the biodiversity focal area, UNEP accounts for 59% ($106 million) of the resources in *global* projects from the Pilot phase to GEF-3, followed by the World Bank (30%). For climate change, the World Bank accounts for the largest share (40%, $99 million), followed by UNDP/UNEP joint projects (29%) and UNEP (17%). This share has now dropped to 28% and 32% for UNEP in climate change and biodiversity, respectively.

Table 5: Focal Areas shares of Global and regional resources, over Time

	Pilot to GEF3	GEF3	GEF4 mid-point
Biodiversity	24%	9%	1%
Climate Change	20%	8%	2%
Multi-focal Areas	66%	8%	13%
Non RAF	56%	13%	27%
Total Global & Regional (US$ million)	$ 2,243	$ 1,112	$ 560

As shown in **table** 5, **the utilization of global and regional resources in the RAF focal areas exclusion appears marginal at mid-point** of GEF-4 (biodiversity $8 million and climate change $ 27 million). For biodiversity and climate change respectively, this is 1% and 2% of all global and regional resources, as compared with historical shares of 25% and 21%. Outside of the RAF, there has been a growth in regional projects from 34% to 64% of global and regional resources in a replenishment period. So far, 15 global and regional projects have been approved under RAF.

Guidance and transparency on global and regional programming have not been adequate. In 2006, the RAFT agreed that "a flexible approach, encompassed by a set of common understandings, was the pragmatic way to approach the issue of programming global and regional projects". The focal area task forces apparently developed criteria for global and regional projects, but these were not made public. A set of guidelines was developed; these were not issued to GEF focal points. The spring 2006 subregional workshops were informed that "…the criteria for committing funds to global and regional projects, and how they are managed", would be presented to Council in June 2006, but this did not happen. The Secretariat informed the Council in June 2007 that ". the CEO had decided to defer consideration of projects until a clear set of policies could be defined for their use in the context of the revised focal area strategies"[30]. Such policies have not been shared with stakeholders or Agencies. As pointed out by an NGO interviewee, the lack of operational manual especially for group and regional allocations, "left a lot of issues in the air for interpretation". The Africa subregional workshop in June 2008, noted that "The guidelines for funding of global and regional projects remain unclear."

Some resources were committed elsewhere from the outset, as one interviewee called "taxation of the focal areas". For example, in the Climate Change focal area, in, the GEF Council approved a Strategic Pilot on Adaptation (SPA) in 2004, but had not managed to spend the global commitment of $50m in GEF-3. It was decided in the GRE guidelines that the estimated remaining $23 million would be funded out of the GRE (leaving only in principle 27M US$ for real global and regional projects), although SPA projects are in general single country projects, such as and "Adaptation to Climate Change Impacts in Mountain Forest Ecosystems of Armenia" approved in GEF-4 as a global project under the SPA. Initially, the PIF form was not explicit on funds that would be taken from GRE or from RAF country or group allocations, and it remains difficult to discern in GEF monitoring reports and in work programs which funds are being used for what, and from what source.

The current application of GRE is changing the nature of global and regional programming under RAF. '**Global projects' are of worldwide scope that would not be funded otherwise by individual countries, given they would have no inherent incentive to do so, such as projects that generate global knowledge, or transform global markets. 'Multicountry projects' are funded through contributions from countries and country group pools with benefits that go beyond each country, and justified on the basis of cost-effectiveness.

At the start of GEF-4, several global projects were approved that had been under preparation for some time, including, in biodiversity, the *Conservation & Management of Pollinators for Sustainable Agriculture through an Ecosystem Approach*; *Carbon Benefits Project (CBP): Modeling, Measurement and Monitoring; and the* Tiger Futures: Mainstreaming Conservation in Large Landscapes; and in climate change, the *Global Market Transformation for Efficient Lighting*. The regional projects funded from the GRE so far mainly concern the Pacific Alliance for Sustainability. With the growth of regional programmatic approaches, there appears to be a movement away from projects that address problems that are transboundary or common to several countries, or that complement or enhance country activities. Programmatic approaches with separate country components can function in one sense regional in name mainly. In short, single-country projects have become increasingly regional or global in nature, and the global and regional projects have become increasingly single-country in nature.

Decision making and prioritization for the GRE by the Secretariat is not transparent to stakeholders. Most of the funds appear to have been committed; Agencies, countries and convention secretariats have been told that there is no money left. Some funds are being held for programmatic approaches to boost resource utilization.

The introduction of RAF changed the nature of many regional and global projects under development, disrupting the preparation of some global and regional projects. The cancellation of the 2007 pipeline may have played role in delivery issues; 30 of these cancelled projects were global and regional. The pipeline planning exercises came to an end, and there are now no criteria for selection.[31]. The reasons given for cancellation were both lack of fit with interim strategies and that the 5% RAF GRE had been frozen. For example, the 2006 **Biosafety** Strategy, which responds to the Protocol, emphasizes the importance of regional approaches. This has become difficult to implement under RAF due to the limitations on Global and Regional Programs. The regional LAC biosafety project proposed for GEF-4 was rejected (Latin-America: Communication and Public Awareness Capacity-Building for Compliance with the Cartagena Protocol on Biosafety, ID 3562, WB). UNEP, who now has been given the task (by CEO) for biosafety in GEF-4, has to ask each country for support. In April 2008, a biosafety programmatic approach was approved. (See enabling activities below.)

A representative from Kenya observed in 2008 that "Transboundary programmes and issues are now limited due to the introduction of the RAF". One such issue is invasive species, for which cross-border funding is essential. One regional project is approved on this (ID3183 "Mitigating the Threats of Invasive Alien Species in the Insular Caribbean (UNEP))". The global coordination component amounts to 279.000 US$ for a four-year program, with five country projects under RAF, (Bahamas, Dominican Republic, Jamaica, St. Lucia, Trinidad and Tobago).

The reduction in corporate funds for global and regional projects means that there is some pressure on countries to contribute with RAF country resources to such initiatives. The global and regional resources that have been approved from the set-aside are complemented by RAF resources from the biodiversity and climate change focal areas. All global projects in climate change, and all but two in biodiversity, are projects with budget components ("financial breakup") over countries, Agencies and sources of funds[32]. Similarly, all regional projects in climate change, and one in biodiversity (Latin-America: Communication and Public Awareness Capacity-Building for Compliance with the Cartagena Protocol on Biosafety) are break-up projects. In the pipeline at the start of GEF-4 there were a number of global and regional projects. In the teleconferences between the focal points and the GEF Secretariat in 2006-2007, 47 such projects were discussed (31 regional, 5 global, 9 either). For the majority, the countries were told that endorsement from the other countries would be needed. Depending on the source of funds (GRE or country RAF), it was not clear to many countries who would do the negotiation of such endorsements.

The RAF constitutes a disincentive for regional or global projects. Given the reduction in funds available corporately, it was assumed during design that countries would voluntarily provide funds from country allocation, especially for the group allocation countries. As informed to the participants in the subregional 2006 workshops, "this fund pool is dedicated to projects that go beyond the country level and it is hoped that countries will contribute to regional projects". This assumption is not holding up. It has become more difficult to organize regional projects for a number of reasons provided to the mid-term review:

- A **disinclination by countries to give up their country allocation**, however small. No matter the message that the allocations are not entitlements, they tend to be seen as such at the country level. In a some cases (9 projects for BD, 21 for CC), single country projects were approved along with resources for a global or regional component[33]. The pooling of country resources has so far been done with considerable effort - or instructions - from the Secretariat and in part Agencies, not voluntarily requested. (The exception is where a prior regional project was positively anticipated by some countries; but some such proposals have stalled as not all countries would re-endorse them under their

RAF allocation). The reluctance to share funds is found in both larger and smaller countries. Governments want to concentrate on utilizing the individual allocation, preferably FSPs, as mentioned during the Egypt country visit.

- Regional cultural **barriers to cooperation**. In some regions, as in South East Asia, regional cooperation has a long history. For various reasons, this is not the case in all subregions, hence, these relationships can be uneasy and 'forced'.

- The **uneven RAF distribution** of funds. For example, South Africa has an individual allocation but is surrounded by countries which are in the group allocation. This makes it difficult to partner collaboratively with neighboring countries which have access to limited GEF funding. This also applies to the planning of regional programmatic approaches.

- **Past negative experience** with global and regional projects. Global and regional projects may receive less attention because they are more difficult to implement. Subregional workshop participants perceived them as potentially negative for the performance index of countries, although regional and global projects do not feature in the index. For example, in the North Africa, Middle East, South and West Africa workshop (May 2006), a participant questioned the essential usefulness of global and regional projects and requested further "clarity as to who decides on funding levels for such projects and where funds originate from".

Ultimately, there are very different views of the 'right' level of global and regional programming – and its rationale. As a facility on global environmental issues, one might expect the GEF to emphasize activities of a cross-border nature. However, at the time of RAF design, the main discussion centered on the RAF as a performance-based system for *individual* countries. There does not seem to have been any specific rationale or discussion behind the 5% set-aside for the GRE. The global and regional projects do not appear to have had strong proponents in the design process, while being perceived as more complex.

The effect of level of funding to such projects may not have been quite clear during the RAF design process. In May 2004, Council was informed that approximately 10% of GEF resources had historically been allocated to global and regional projects. In September 2004, the figures went up to 18% in biodiversity (global 3% and regional 15%) and 12% in climate change (global 8% and regional 4%), but fell short of actual GEF-3 and total percentages. In the design discussion, it had been proposed to create separate line items for the global and regional projects, like for the SGP and support cross-cutting capacity building. The Secretariat had originally proposed 12% for the GRE in each focal area. A Caribbean representative noted that "If regional projects are not supported, this will discourage what the GEF was set up to do - to encourage regional collaboration. The GEF should make a demarcation between national and regional monies."

One issue of concern for a PBA may be the perception of performance of such projects compared to individual country projects. Based on the terminal evaluation reviews undertaken by the GEF Evaluation Office[34], the global and regional projects have lower outcome ratings (single country projects 85% vs. 70% marginally satisfactory and above); but are less affected by risks to sustainability (63% vs. 48% marginally likely and above)[35].

The Delphi expert panel supported increased funding for capacity building and regional projects. The average response in support of increased funding for capacity building was 6.71. The average response in support of increased funding for regional projects was 7.2. As indicated above, the comments supported the need to level the playing field and to address multi-country problems. International NGOs also suggest increased funding to deal with transboundary issues.

A reduced GRE level would benefit the top ranked individual countries but push more countries into the group allocation. The current RAF formula secures 75% of all resources to the top ranked countries based on both GBI and GPI; the rest of the countries have access to a pool (the group allocation). A mixed picture emerges from simulations of *other* levels than 5% of GRE for the initial RAF allocation:

- If *all* focal area funds were provided to countries (with zero GRE): In biodiversity, the number of individual allocation countries would decrease from 47 to 39, and these would see their allocation increase with 4.08% as compared to their initial RAF allocation. Eight more countries would fall into the group allocation, but would share a higher pot for the group. In climate change, with zero GRE, the pattern would be more extreme. It would push 17 countries into the group allocation, increase the individual country allocation with 5.65%, and fix the maximum group allocation at 4.9 M US$.
- If, on the other hand, the GRE allocation were increased to approximate historical levels, all the top-ranked and lower-ranked countries would receive less. With a set-aside of 18% in each focal area, 28 countries would move up from group allocation to individual allocation in biodiversity (though the individual allocation countries would receive somewhat less[36]), and the remaining group allocation countries could only access a maximum of 1.6 MUS$. In climate change, 43 countries would move up to individual allocations, and the remaining group would have 1 M US$ each. China would still remain at the ceiling with 150 M US$, and other countries would get somewhat less in dollar amounts.

Countries and Agencies have perceived mixed messages on whether and how to pursue regional projects. Initially, projects that were under development as regional initiatives at the end of GEF-3, were encouraged to switch to country projects under RAF, likely due to the reduced global pot of funds. With the emergence of programmatic approaches, there is encouragement for regional approaches again. Examples of such back and forth can be found in the Caribbean constituency and for Transforming Industrial Energy Efficiency Markets in the South East Asia Region (ID2933). This project started with a regional meeting in September 2005 (minutes attached) as a regional program for ASEAN countries, which was cleared by the Secretariat in January 2006. Based on new directives after the start of RAF, UNIDO "broke up" the regional program and submitted 3 individual country PIFs for Philippines, Indonesia and Vietnam. Secretariat review expressed concern regarding the similar approach. Based on indications from the GEF wants "programmatic approaches", a regional thematic program is developed, with a PFD for 5 big ASEAN countries submitted in August 2008.

Enabling activities

This section addresses how enabling activities (EAs) have been affected by the RAF. Enabling activities provide financing for the preparation of a plan, strategy, or program to fulfill commitments under a global environmental convention, or the preparation of a national communication or report to a convention. The COP-11 requested the GEF to report on: “how the Resource Allocation Framework is likely to affect funding available to developing countries for the implementation of their commitments under the Convention” (decision 5/CP.11).

The decrease in Enabling Activities over the last four years seems to be more linked to the cyclical nature of the convention requirements than to the RAF. During GEF-4 until midpoint, 21 enabling activities have been approved, of which 10 are in biodiversity, five in POPs, and six are for National Capacity Self-Assessment (NCSA) for Global Environment Management (multifocal area). From the pilot phase to GEF-3, 817 enabling activities represent a GEF allocation of $268 million, of which 34 percent and 31 percent are in biodiversity and climate change, respectively[37]. For many if not most countries, the GEF support thus far has primarily comprised of enabling activities. One MSP, *Support to GEF Eligible CBD Parties for Carrying Out 2010 Biodiversity Targets National Assessments - Phase I* (UNEP/UNDP), of 1 million US$ plus fees, has also been approved.

Approval of enabling activities fluctuates based on periodic reporting to the conventions, as can be seen in **Figure** 3. The latest convention guidance on GEF enabling activities in climate change is dated November 2003 from COP 8, and from October 2000 for biodiversity. In November 2003, the GEF Council approved new operational procedures for the expedited financing of national communications from non–Annex I parties. This involves decentralized project approval of enabling activities under an umbrella program for about 130 countries, approved April 2004. The climate change guidelines establish three to five years between the initial disbursements of financial resources for the first national communication before applying for subsequent financing. Many countries are thus still developing national communications with funding prior to GEF-4.

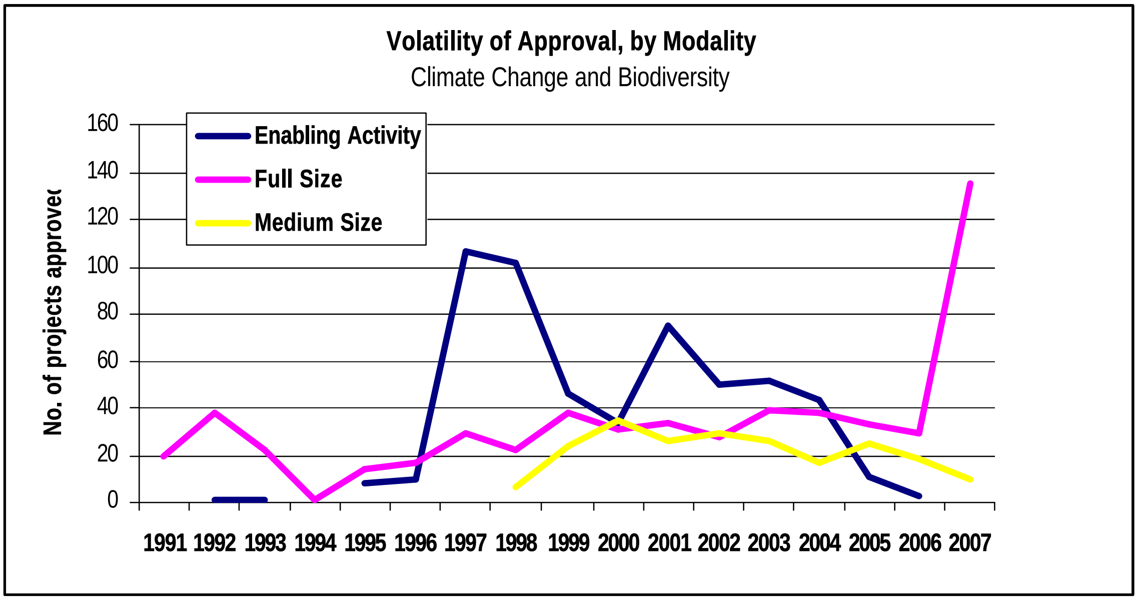
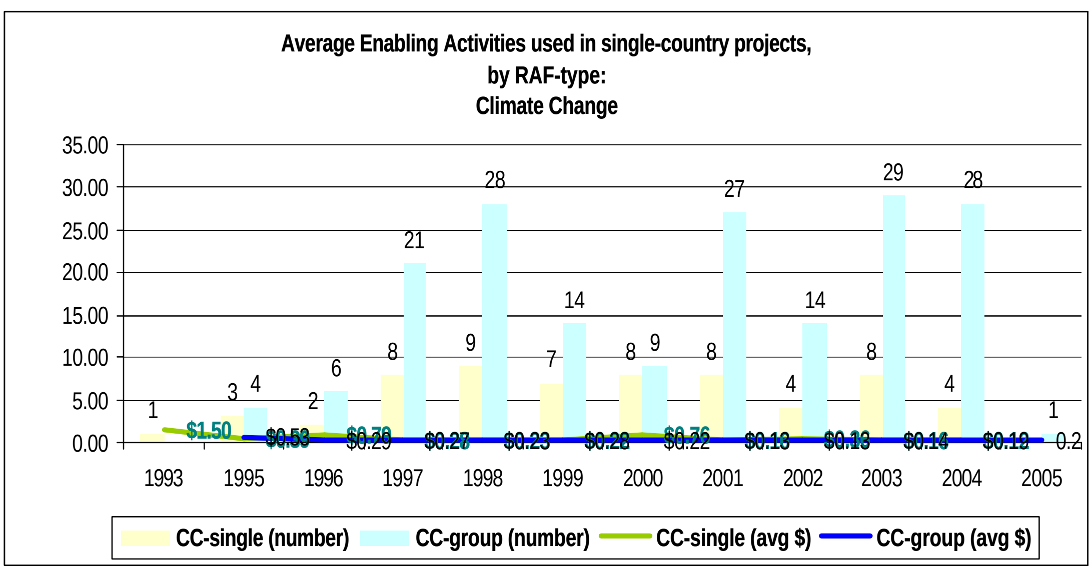


Fig.3.

In principle, the RAF provides sufficient funds per country to undertake enabling activities in each focal area. It is too soon to say, however, how the enabling activities will be affected in practice. The GEF-4 biodiversity EAs have an average budget of $0.28 million. The average enabling activity has ranged from 0.16 M to 0.33 M US$ in biodiversity and climate change. The latest cap on funding was $350,000 for an expedited enabling activity in biodiversity; and 405.000 US$ for climate change, which is within the 1M US$ potentially available for RAF group allocation countries. Countries with larger financial needs for national communications, such as China and India, have been able to approve enabling activities as non-expedited, with larger amounts. These now have individual RAF allocations. Group allocation countries have been relatively more dependent on enabling activities (see **figure** 4 on climate change on enabling activities for countries, excluding global and regional projects).



The responsibility now lies with the countries to establish RAF pipeline priorities in line with their national priorities and obligations under the conventions. Historically there has been high demand from countries for enabling activities, as well as appreciation for their usefulness[38]. However, requests for enabling activities were not done in competition with project funding for MSP or FSP.

Access to funds for convention obligation will be more challenging for group allocation countries. The revised rules[39] indicate that projects submitted after December 31st, 2008, "may be endorsed, at the discretion of the CEO and where funding allows". If a country has already used its allocation for other projects, or if the overall group allocation is short of funds, resources for enabling activates will be in jeopardy in the case of new COP guidance. Potential constraints to the Parties in fulfilling their obligations of the Conventions may show up more clearly during the 3rd national communication to the UNFCCC, for which COP guidance has not yet been issued. The same applies for the CBD.

At the launch of RAF, there was lack of clarity on whether (and which) enabling activities fall under the RAF or not. The existence of other funding windows (NAPA under the SCCF and the corporate program for EA) contributed to confusion. Recognizing the risk of competition in funding, it has been suggested to provide enabling activiy funds as exclusion to the RAF. Both Convention secretariats have raised suggestions to this effect; "…hope that you could put in place a national reporting support programme, along the lines of the medium-sized umbrella projects that were used for funding the third national report under CBD**,** which would allow eligible Parties to access funds for reporting outside the Resources Allocation Framework"[40]. A set-aside fund would require knowledge of needed amount at the start of a replenishment phase.

The predictability of funding *needs* is an issue as well as predictability of funding *availability*. The UNFCCC Secretariat indicated to the review that feedback is needed from the GEF Secretariat about the availability of RAF resources, so that COP can generate guidelines for the third national report. On the other hand, the GEF bases the amount of resources for national communications on climate change on the Convention requirement and "The guidelines approved by COP […] will form the basis for funding of proposals from eligible non-Annex I Parties"[41].

The level of resources needed would make a difference. For example, if a group allocation country uses 350.000 US$ for an enabling activity, there would be little left to access for another project of meaningful scope. If a country's allocation is not sufficient, it may also affect the quality of the report to the convention.

The main concern regarding convention obligation under RAF is for biosafety. The Biosafety Protocol is the only protocol fully supported by the GEF as the financial mechanism, and is covered by the RAF biodiversity allocation. On the operations and activities of the biosafety clearing-house, the COP recently urged the GEF "to provide additional support from sources other than the RAF for capacity-building activities in the developing countries, in particular the least developed and small island developing States among them, and countries with economies in transition"[42]. Measures that facilitate consideration of regional and subregional projects developed by countries of the region were suggested. Past support was efficiently provided through an umbrella program by UNEP. Capacity was built during the implementation of this global project, but now there seem to be limited funds for the implementation of plans and project proposals. The RAF appears to have slowed down the momentum created by the previous global biosafety project. The average cost of the implementation plans is around US$ 600.000, which is not possible to fund within the RAF allocations for most countries. So far, ten biosafety projects have been approved under GEF-4, most (7) as part of the *Regional Project for Implementing National Biosafety Frameworks in the Caribbean Sub-region - under the GEF Biosafety Program*.

The discussion on priorities within the RAF highlights an underlying tension between the focus on obligations and on results. Ultimately, there may be different expectations from donors and Parties on what constitutes GEF effectiveness. The key indicator of GEF success for the UNFCCC is the preparation and approval of national communications, whereas the main thrust of GEF focal area strategies is positive impact on the global environment. The link between the enabling activities and global environmental benefits remain uncertain. The Climate Change Program Study 2004 found that "Apart from their use for reporting to the Convention, the National Communications do not seem to have been valuable in guiding programming" (GEF EO 2004b). With limited funds, countries are faced with a difficult choice between potential achievements from GEF assistance on environmental impact or of national reports.

The small grants programme (SGP)

During the third phase of its operation (Operational Phase, OP3, until end 2007), the SGP received almost all of its GEF support through core funds. In comparison, during OP4 the SGP needs to access a substantial proportion of potential GEF support through RAF country allocations. Rules framed by the SGP steering committee established in 2006, regulate the manner in which GEF resources can be accessed through core funds and RAF country allocations and should be utilized. The need to access RAF country allocation resources and the rules for access and utilization of these resources may have affected SGP operations as described below.

So far, the SGP has accessed 18M US$ from RAF allocations. The rules regulating access and utilization of RAF resource have constrained SGP from accessing GEF resources through RAF country allocations. As a result, it is likely that during GEF-4 SGP will be able to access only about US$ 62-68 million from RAF country allocations. This is lower than the US$ 90 million that was expected as per the 'Programming Document for the Fourth Replenishment of the GEF Trust Fund.'

The SGP portfolio is shifting because RAF funds can only be used in the focal area providing the funds, climate change or biodiversity. Overall, the proportional investment in projects pertaining to climate change focal area has increased significantly, whereas there has been a moderate increase in the investments in the biodiversity focal area. SGP investments in other focal areas have declined. The project portfolios of '*RAF funds only country programs'* have been the most affected. Project portfolios of '*RAF/Core funds country programs*' were moderately affected whereas those of the "core funds only" country programs remained unaffected. See **table 6**.

Table 6: SGP project portfolio - amount invested in different focal areas during OP4 (figures for OP3 in parentheses)*

Country program type	BD	CC	IW	LD	MF	PP
RAF funds only programs (17)	75% (57%)	23% (9%)	0% (1%)	0% (11%)	2% (18%)	0% (5%)
Both RAF and core funds programs (47)	46% (44%)	31% (18%)	1% (7%)	15% (17%)	7% (11%)	1% (3%)
Core funds only programs (44 LDC/SIDS and 16 others)	41% (43%)	14% (13%)	10% (6%)	21% (22%)	10% (12%)	4% (3%)
All country programs	51% (46%)	24% (15%)	4% (6%)	13% (18%)	7% (13%)	2% (3%)

*Figures for OP4 are based on 984 projects for which data was available. The figures for OP3 are based on data for 1933 projects.

Generally speaking, at the global program level the predictability of funding, especially for management activities, has improved. At the country program level, however, a significant proportion of the coordinators from of "RAF/core funds" country programs – that need to access GEF resources through both Core funds and RAF country allocations – report that after implementation of RAF predictability of funding allocation for their programs has declined. A majority of national coordinators also felt that after RAF transparency in allocation of funding has improved.

The country program expenditure caps introduced by the SGP steering committee for GEF-4 have affected at least 11 country programs. Compared to the OP3, the per annum expenditure by these programs on project grants has declined. Due to lower levels of operation, management costs of these programs increased from 13.5 percent during OP3 to 14.8 percent during the first year of OP4.

The need to access resources from the RAF country allocations has encouraged the SGP to seek greater involvement and engagement with the GEF operational focal points and relevant government departments of the participating countries in RAF funds only and "RAF/core funds" country programs. On one hand this has provided SGP opportunities to mainstream and upscale its experience through government agencies, on the other it has made SGP vulnerable to government influences.

Implementation of RAF has increased the workload of the SGP staff both at the country program and global program level. Although some of the work load may reduce when SGP operations has transitioned to the new allocation system, work load due to additional reporting requirement and need to interact more intensively with the government agencies is likely to persist.

5 Cost effectiveness

This section describes the costs of the RAF and some aspects of likely cost-effectiveness. (Key question 9). Its observations are preliminary because the RAF is new. The section covers the costs of transition to the RAF and the likely on-going costs.

Costs of the RAF

GEF has incurred costs in developing and implementing the RAF. These vary from minor costs (staff time and consultations costs) to potentially major costs (opportunity costs of delays in the granting program).

Costs 1: Design, Transition and Administrative costs. Transition costs from the old system to the new RAF system were expected to be larger than the costs in an ordinary year. However RAF design and development costs are difficult to separate from GEF's ordinary operating costs. It is also the case that much of the work in developing the RAF is not visible in the accounts. This includes the costs of the Technical Working group, the interagency task force, and the mid-term evaluation review team. The RAF was an important item in five Council meetings, two Paris consultations, and several sub-regional workshops.

The common experience of organizations that operate a performance-based allocation system is that administrative costs range from about one million dollars per year to about one and a half million.[43] GEF's experience in the first year of implementation of the RAF has been similar. The direct costs amounted to approximately 1.3 million US$[44] over several years. The development costs included staff costs in GEF Secretariat (35%), and reimbursement of expenses for the WB DEC to compile the biodiversity and climate change indices (31%). At least two GEF Secretariat staff worked fulltime on the RAF for several years. Travel costs for the two special Council meetings in Paris to discuss the RAF amount to 22% of the direct costs. There is a balance of 383.000 US$ as of July 2008 of the approved special initiative budget.

Once the RAF is fully established its on-going maintenance by the GEF Secretariat[45] as a PBA system will be less than the transition costs have been. Nevertheless experience in other agencies has shown that the RAF is always a living evolving system because it is so central to the strategy and priorities of the organization. It will probably be an important topic in replenishment consultations for the foreseeable future, for example. Therefore development costs will probably continue for some time.

Costs 2: Focal Point consultations costs. Consultations are important to enable the RAF to exert influence and provide incentives to member governments. Therefore the costs of the Focal Points may increase. The funds that GEF Operational Focal Points have for awareness activities and consultations (8000 US$) may be insufficient because of the demands of the RAF. These costs are not necessarily in proportion to the size of the portfolio or the allocation. A minimum level of discussion on RAF priorities is needed in all cases.

Costs 3: Agency costs and pipeline costs. At least in the short term, costs have increased for the Agencies. The Agencies have taken on additional tasks of explaining RAF arrangements, and working within RAF constraints. There have been costs of revisions and re-endorsements of projects in the pipeline (project concepts and PIFs) to respond to the RAF. For example, some of the re-endorsements are likely one-time costs related to the establishment of the new RAF system.

Agency fees were reduced to a flat percentage of the project budget in GEF-3, with no possibility of negotiation as was the case previously. At the same time, the corporate budget was abolished for the three Implementing Agencies. This budget was used for portfolio monitoring, support to GEF policy development, coordination and cross-support to projects. These changes, while perhaps justified on their merits, leave the Agencies with little financial flexibility to adapt to new systems like the RAF. However, additional Agency costs are not all attributable to the institution of the RAF. Many are the consequence of frequent changes in rules during the same period. (See technical paper.)

Additional costs, not closely related to the RAF as such, may have affected the Agencies' incentives to undertake GEF work. For example, the new programmatic approaches that are encouraged by the GEF Secretariat are not fully covered by fees. The GEF requires a PIF *both* for the overall program and all the associated projects, but pays fees for the projects only. The extensive work often undertaken by lead agencies to develop the overall PIF and coordinate the program is not fully recompensed. Some of this cost pressure, during the transition to RAF, including some shifts in country concentration, may have contributed to utilization problems.

Potential inefficiencies of two RAFs and special-purpose funds

RAF has established a "firewall" between GEF's two largest focal areas. This adds to the complexity of multifocal area projects. Access to all these different funding 'windows' depend on various criteria of eligibility, country classification (as LDC or RAF type allocation); historical participation in GEF; signature of various conventions – or for some focal areas, no convention, such as international waters.[46]

The GEF now manages a number of separate funds – the SCCF, the LDC funds, the Adaptation Fund – a separate window, and the SPA on the same subject (which in fact is taken out from RAF funds). Adaptation activities can be financed through the SPA, the LDCF, the SCCF, and shortly the CDM – and enabling activities or regular projects – but not the climate change RAF. Some funds are accessed directly for country projects while for others countries have to go though corporate programs, which may be regional or global, with separate procedures. The support fund for the focal points is accessed though UNDP.

Several of these special funds are underutilized. Their relationship to the RAF, if any, is unclear. All carry different procedures; FSP, MSP, enabling activities and PPG, and programmatic approaches - and it is not difficult to understand why some stakeholders find the whole non-transparent and inaccessible.

The opportunity costs of delay in the granting program

GEF projects generally have high economic rates of return. Therefore when grants are delayed the hidden costs (the opportunity costs) can be large. In fact, this may be the largest, although invisible, costs of the transition to the new RAF. The low utilization of resources, which may have been partially a result of the institution of the RAF, has serious implications for effectiveness. Delays may be a temporary phenomenon during transition but they may also be partly a result of insufficient flexibility in the design of the RAF itself.

GEF's own cash flow is of course less important than its programmatic impact. The impact on GEF's balance sheet has been positive because slower utilization has allowed the Trustee to invest funds and generate investment income.

Impact and cost effectiveness

The cost effectiveness of the RAF will depend mainly on whether or not it improves GEF's impact. It is too early to tell whether impact will in fact be better. In the short term, RAF has yielded benefits in terms of better planning and ownership in some countries. It has improved predictability of funding for individual allocation countries. However, so far, its effects on the portfolio and pipeline are mixed. Some countries with large allocations have been able to bring more coherence to their portfolio.

As few projects have been approved, and even fewer started, it is impossible to say if they will be better implemented or generate more global environmental benefits. Some trends are positive, though they are not quantifiable in financial terms. These include a broader composition of Agencies in the portfolio, new projects based on national priority setting, and broad coverage of countries. The RAF has not benefited from significant involvement by NGOs, civil society and the private sector.

On the other hand, these are offset by some unfavorable trends. RAF may have encouraged a broader spread of resources, smaller projects and an entitlement mentality among some member governments. If so, these factors could inhibit the efficiency of GEF resource allocation. The RAF has not benefited from significant involvement by NGOs, civil society and the private sector, with a consequent loss in opportunities to broaden the effectiveness and range of GEF resources.

The cost-benefit of the RAF has not yet been fully demonstrated compared with the previous system or with other PBA systems, in terms of value for money. In future implementation of the RAF, cost-effectiveness can be enhanced by increasing overall funds and country allocations (same effort but more benefit); decreasing efforts to access existing funds (same benefit but less effort; or preferably, both of the above.

[1] The figures are over-estimated, as (a) not all of this will be under NGO management (some projects have more than one executing agency); and (b) erroneous classification in the database (some are governmental entities). This represents 13% of MSP funds and 11% of FSP funds.

[2] MSPs in Bulgaria, Indonesia, Kenya, Mexico, Uganda, Liberia. FSPs in Brazil, Chile, Costa Rica, Mexico, Peru, South Africa, Tanzania, Tajikistan, Paraguay; EA in Guyana, Jamaica, Malawi.

[3] GEF policy on public involvement, June 1996.

[4] *Technical Note on the GEF Resource Allocation Framework*, describing the RAF as agreed by the Council, is available as an information document, GEF/C.27/Inf 8.

[5] GEF/C.32/8, October 16, 2007, *GEF communications and outreach strategy*. The communication strategy sets out five principal objectives: To create a clear GEF corporate identity; for GEF partners, to speak with a unified GEF voice; for the public, to position GEF as a leader on the global environment; for expanded interest groups, to communicate effectively with GEF; and to embed GEF messages at country and regional levels.

[6] Accessibility: o*n four fronts: strengthening the Secretariat's capacity for direct dialogue with countries; improving the effectiveness of corporate programs; strengthening the GEF's capacity to tap into and share its knowledge base; and strengthening the GEF's corporate image and public communications.]*

[7] GEF Resource Allocation Framework: Indicative Resource Allocations For GEF-4, For The Biodiversity And Climate Change Focal Areas (Called "The Disclosure Paper"), 15 September 2006. The document was sent by email to the Operational and Political Focal Points on September 20, 2006 from the GEF Secretariat, copying the Council Members, Convention Secretariats, and Agencies.

[8] GEF/C.27/Inf.8/Rev.1, October 17, 2005

[9] GEF (2008), Reallocation paper.

[10] Excluding countries that became individual allocation recipients at reallocation: Suriname, Croatia, Serbia, Tunisia, Turkmenistan, and Poland who declines its allocation.

[11] The number of responses from Council members and alternates is low; data from this group are not statistically comparable with those from the other stakeholder groups listed.

[12] GEF (2007). *Joint Evaluation of the GEF Activity Cycle and Modalities.*

[13] For example, one country endorsed three PIFs for the same project. Each PIF named a different GEF agency as its executing organization. Through subsequent negotiation a resolution was found among the agencies.

[14] The PIFs are only recorded when approved by the Secretariat and entered into PIMS. Current recording makes it difficult to track delays in PIF review or follow rate of rejection.

[15] GEF/EO, "Annual Country Portfolio Evaluation Report – 2008".

[16] Not all countries were consulted. Of 134 countries that were in pipeline database and/or received a teleconference follow-up letter, 127 have telecon letter (95%).

[17] Individual allocation in both focal areas; individual allocation in one focal area and group allocation in the other; or group allocation in climate change and no biodiversity allocation.

[18] This excludes the eleven countries, mainly located in the Middle East and new to the GEF, with only the climate change group allocation and no biodiversity allocation

[19] Operation of the GEF Project Cycle Management Procedure: A Review; GEF/C. 34/Inf., November 2008

[20] Mexico: Consolidation of the Protected Area System (SINAP II) - Third Tranche (ID2654)

[21] The Secretariat reports 33.8 months for 13 fullsize projects.

[22] As there is no institutionalized system for monitoring and recording response time, the MTR was not able to verify these times.

[23] Albania, Armenia, Djibouti, Jordan, Mongolia, Myanmar, Namibia, Yemen, Zambia, Palau, Senegal, Uruguay), India, Indonesia, Iran, Philippines, Russian Federation, Tanzania, Ukraine, Uzbekistan, Vietnam.

[24] *From Projects to Programs: Clarifying the Programmatic Approach in the GEF Portfol*io, 2008.

[25] *Project Cycle* (GEF/C.31/7; GEF/C.31/7Corr.1). GEF for the first time officially supported the programmatic approach in its meeting in December 1999.[25] In response, the GEF Secretariat prepared a paper, *GEF Programmatic Approach: Criteria and Processes for its Implementation.* In May 2001, *The GEF Programmatic Approach: Current Understandings* (GEF/C.17.Inf.11), was presented to Council.

[26] Africa sub-regional workshops, June 20088.

[27] These are recorded in the GEF database as 'country projects'.

[28] Biodiversity: global projects 9%, regional 20%; and climate change: global projects 11%, regional 16%.

[29] These numbers are a low estimate; for global projects, the countries covered are mostly not specified. Within global resources, as per the current data available (from the PMIS), 82% of the resources are allocated to unspecified countries, across 96 projects, these include, for example "National Communications Programme for Climate Change" and "Small Grants Programmes".

[30] C.31 paper

[31] Using the PMIS classification of global or regional; the single country "break up" projects may be similar to pre-RAF global or regional projects (across numerous countries).

[32] "Tiger Futures: Mainstreaming Conservation in Large Landscapes, $1.04mn and "Assessment and Recommendations on Improving Access of Indigenous Peoples to Conservation Funding" World Bank/$0.275mn.

[33] Examples include "PAS GEF Pacific Alliance for Sustainability (PROGRAM)", "Carbon Benefits Project (CBP): Modeling, Measurement and Monitoring" "Global Market Transformation for Efficient Lighting".

[34] Of 259 TEs available and 190 reviewed, of which 132 are of Single Country Projects and 58 of Global and Regional Projects. Source 2007 APR.

[35] The M&E during Implementation is naturally more challenging for multi-country projects (marginally satisfactory and above 75% vs. 58%).
[36] The top-ranked, Brazil would go down from 63M to 57.5 M US$.
[37] Joint evaluation
[38] Joint evaluation
[39] Rules for utilization of RAF resources by group allocation counties after July 1, 2008, GEFSec, dated July 25, 2008.
[40] Letter Dec 22 2006 to CEO from CBD Executive Secretary.
[41] GEF/C.22/Inf.16, November 4, 2003, Operational Procedures
[42] From the MOP/4/L.P document (Bonn, 12-16 May 2008).

[43] Both the World Bank (IDA) and the Asian Development Bank (Asian Development Fund) have estimated at different times that their RAF/PBA systems cost about one and a half million dollars per annum. Small IFIs and funds, for example the Caribbean Development Bank, spend less on their smaller and simpler systems.
[44] Council approved budget for special initiative.
[45] The staff post covering RAF environment economics has indeed been moved under the corporate budget for the GEF Secretariat from 2007. Training and awareness-raising has mainly been handled through the GEF/UNDP Country Support Programme (CSP) for focal points. There is one or two staff from the GEF Secretariat who participate, normally from the external relations team. Since 2006, the agenda for the sub-regional workshops has been dominated by RAF matters.

[46] For example, an African representative expressed concern that the SCCF funds seem to be committed while few countries in Africa had benefited, and regretted that donors were not more interested in the SCCF, noting that while the SCCF was a Convention based fund, the Adaptation Fund was under the Kyoto Protocol. (Windhoek 2008).