

Midterm Evaluation of the National Portfolio Formulation Exercise (NPFE)



National portfolio formulation exercises (NPFEs) are country-level portfolio planning processes that enhance country ownership by determining programming priorities in a given

Global Environment Facility (GEF) replenishment period. Implementation of the NPFE initiative began at the start of GEF-5 (2010–14). The aim of the NPFEs is to ensure recipient countries utilize GEF resources transparently and to provide an opportunity to align programming of GEF resources with relevant country strategies and national planning processes to generate global environmental benefits.

The midterm evaluation of the NPFE, completed by the GEF Independent Evaluation Office in October 2013, focused on assessing the effectiveness, efficiency, relevance, and utility of the initiative including aspects of country ownership, stakeholder involvement, and timeliness. A mixed methods approach was utilized to collect information including review of key documents, surveys, portfolio reviews, and semistructured interviews.

Findings

Relevance

The NPFE initiative is relevant to the GEF mandate and policies and to country needs. It promotes ownership and involvement of recipient countries in GEF programming and project development. Many of the countries interviewed reported that, prior to the NPFE, there was no systematic effort to ensure alignment of GEF support to national priorities or to plan the GEF portfolio. However, GEF Secretariat technical staff and Agency staff maintained that the NPFE process was inadequate to promote a strategic focus within the country portfolio and to identify projects eligible for GEF funding.

Effectiveness

Uptake of the NPFE initiative was low due to delays in groundwork for implementation and difficulties experienced by the countries in accessing the GEF grant for the initiative. Compared to the budgeted participation of 100 countries, only 42 participated, 10 of which carried out NPFEs using their own resources. The majority of countries that took part were from Africa. Support for the NPFE was especially important for least developed countries (LDCs) and small island developing states (SIDS).

The majority of countries reported enhanced country ownership through the NPFE initiative. Main contributors to this improved country ownership were consultations with a wide range of stakeholders and the creation of national steering committees, which provided a broader decision-making and coordination structure for GEF programming. Consultations undertaken as part of NPFEs broadened opportunities for participation by various stakeholders in country portfolio formulation, including civil society organizations such as international nongovernmental organizations, academic and research institutes, and community-based organizations; a few NPFEs had private sector participation.

The NPFE initiative provided a structure for a more systematic alignment of GEF support with country strategies. Twenty-nine out of 34 countries detailed their national environmental strategies in national portfolio formulation documents and linked them with their programmed GEF projects.

In countries where stakeholder capacities were low, NPFEs were not effective in identifying project ideas eligible for GEF funding. In many countries, participants were insufficiently informed and knowledgeable about the GEF and its eligibility criteria, strategies, and project development processes. Only 25 percent of the project identi-

fication forms (PIFs) approved in GEF-5 for countries that participated in NPFEs had been identified in their national portfolio formulation document.

Efficiency

From an administrative perspective, the NPFE was inefficiently executed and not fully in accordance with Council decisions and guidelines. The process and administrative design of the NPFE aspired to strengthen country ownership over decisions on GEF resource programming. Therefore, financing modalities were selected for countries to receive resources from the GEF directly using a direct access approach executed by the recipient countries' national institutions. Initially, a recipient-executed grant modality was selected, which caused major delays. This was replaced by a World Bank–executed ancillary expense agreement, which reduced the process from 36 to 7 steps, but also entailed many implementation challenges.

The guidance provided on NPFEs did not adequately address issues related to eligibility for GEF funding, cofinancing requirements, and GEF modalities. GEF guidance stated that the NPFE was to be executed by national institutions without GEF interference, so as to promote country ownership. However, feedback from operational focal points in 32 countries confirmed that technical support throughout the NPFE process regarding GEF funding, cofinancing requirements, and GEF modalities was inadequate.

Recommendations

- The NPFE initiative should continue since it is highly relevant to supporting countries in addressing the pre-identification phase of the project cycle.
- The revised NPFE needs to continue to be implemented by the Secretariat, to maintain neutrality between countries and Agencies, and to provide funding for a country-led NPFE on a voluntary basis.
- Programming exercises should be supported at the end of a GEF phase rather than at the start of a new phase, to ensure that countries are ready for the new phase

when it starts. The current balance in the NPFE program should be used for NPFE support, especially to LDCs and SIDS in 2014.

- The capacity development initiatives of the GEF—including the NPFE, National Capacity Self-Assessments, National Dialogue Initiatives, and the Capacity Development Strategy—should aim to support a more comprehensive understanding of the GEF with country-level partners and stakeholders, especially in LDCs and SIDS.
- The NPFE guidelines should address the information needs of countries for programming on topics such as eligibility criteria, cofinancing expectations, and funding modalities.

Follow-Up

On reviewing the NPFE midterm evaluation, the GEF Council requested the Secretariat do the following:

- Include in the final replenishment proposals the continuation of NPFE support in GEF-6, to be implemented through the Secretariat
- Use the balance of GEF-5 NPFE support for programming exercises, especially in LDCs and SIDS in 2014, to enable countries to prepare for GEF-6 on a voluntary basis
- Include in the final replenishment proposals capacity development initiatives for GEF-6 (including NPFE) that aim to instill a more comprehensive understanding of the GEF in partners and stakeholders at the country level, especially in LDCs and SIDS
- Update NPFE guidelines to address country programming information needs on topics such as eligibility criteria, cofinancing expectations, and funding modalities

The GEF Independent Evaluation Office is an independent entity reporting directly to the GEF Council, mandated to evaluate the focal area programs and priorities of the GEF. The full version of *Midterm Evaluation of the National Portfolio Formulation Exercise* (Evaluation Report No. 93) is available on the GEF Independent Evaluation Office website, www.gefeo.org. For more information, please contact the Office at gefevaluation@thegef.org.