

## **Strategic Positioning of the GEF for its Fifth Phase Asian Development Bank Comments**

The ADB welcomes the latest version of the subject document and the opportunity to provide comments. In general, we find the draft document sincere in seeking to improve the effectiveness, efficiency and responsiveness of the organization to serve both current and future needs of recipient countries and to follow direction emanating from the Conventions. We believe it could be further improved and offer the following comments for consideration.

- a) **Context of the Strategy Paper.** The document should emphasize the strengths and comparative advantages of the GEF as a dedicated and unique institution addressing threats to the global environment, which it has accumulated since its inception. Ongoing discussions about the financial architecture of the UNFCCC (as noted, e.g., in paras 41 and 42) should not distract from the paper's summary of past achievements, strategic position, and niche based on its comparative advantage.
- b) **Guidance from the Conventions and Responsiveness to Recipient Countries.** One approach to help ensure that GEF-5 is responsive to both Convention guidance and the needs of recipient countries (paras 67 and 68) is for GEF-5 programming to address priorities communicated by the countries to the Conventions. For example, project/program funding for countries should be aligned with the NCs to UNFCCC, the NAPs to UNCCD and NBSAPs to UNCBD. Annex 1 on Possible Strategic Directions should reference such reports and COP decisions.
- c) **Proposed Reforms.** We generally support the proposed elements of GEF-5 and the corresponding five proposed areas (para 73). In particular, we find useful the proposal to reduce transaction costs through allowing the governing Boards of the agencies to approve individual projects prepared under a Council-approved program.
- d) **GEF-wide Portfolio.** Regarding the statement “Efforts will be made to develop a GEF-wide portfolio that is balanced between technical assistance, investment, and scientific assessment to maximize impact” (para 70), we would suggest further clarification with respect to the process and objectives of “balancing” the portfolio. Further, this would appear to be a major task, comparable to determination of the RAF, meriting further elaboration.
- e) **Additional GEF Agencies and Direct Access.** We suggest careful consideration of the provisions regarding “Additional GEF Agencies and Entry Points to GEF Financing”, particularly direct access by multilateral institutions, bilateral institutions and established NGOs, national development banks and other institutions that might meet minimum fiduciary standards (para 71). While we are in no position to object to this move, it should be preceded by an analysis of the recent experience with extending direct access to the new GEF agencies. The implications for the GEF Secretariat and the partnership between GEF and its agencies should be considered, as should the extent to which there are technical gaps among the existing agencies with respect to GEF programming. Consideration may also be given to eliminating distinctions between IAs and EAs before further expanding the number of GEF agencies.

- f) **Emerging Focal Area Strategies.** In general, we support the possible strategic directions of GEF-5 – the three themes and two cross-cutting issues – though we would have expected more discussion of the RAF and the direction it may take in GEF-5.
- g) **Global and regional exclusion.** Para 64.iii proposes “emphasis on global/regional level programs funded with a 20% exclusion under the resource allocation framework (especially when the latter support political/policy processes of ongoing integration”. We find this substantial increase from GEF-4 inadequately justified. It might help if there were assurances that guidelines on utilization of these funds would be objective, transparent and equitable across focal areas and regions. In any case recipient countries may question the size of this exclusion.
- h) **Synergy between Global Environmental and Sustainable Development Goals.** Synergy should be emphasized, with due attention to the strong experience that progress in attaining global environmental benefits will not be sustained in the absence of local cobenefits (para 47 (b)). Along these lines, the document would benefit from some of the thinking that came out of the WSSD proceedings and declaration. We would also suggest careful assessment of the implications of the proposed expansion of the concept of externalities (para 54) to support primarily adaptation activities at the local and national levels. We find the argument weak with respect to the mandate of GEF, while recognizing GEF's role in addressing adaptation.
- i) **Mainstreaming Environment.** This is a continuing challenge which GEF should address in GEF-5 and a goal particularly suited to the multilateral development banks. In fact, GEF should give greater attention to working with the MDBs to further expand and mainstream attention to global environmental problems in their programming and goals. The role of the private sector – including the Earth Fund – should also be referenced in this regard, and the discussion in para 39 may need elaboration.
- j) **Incorporating the results of OPS-4.** Ideally the document would be guided by the results of the ongoing review of GEF-4. Please clarify how such results could be incorporated and the review process by GEF stakeholders be addressed, noting the difference in timing of the completion of OPS-4 and the drafting of this document.
- k) **Revisions to the GEF Instrument.** The proposed reforms are quite broad in scope implying in several cases the need for modification of the GEF Instrument. We suggest specification of the relevant provisions of the GEF Instrument that might have to be revised so that all will understand what is at stake and is being considered.

We look forward to the next iteration of this strategic document.