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Dear Mr Good,

GEF RESOURCE ALLOCATION FRAMEWORK

In response to your invitation to comment on the further development of Resource Allocation Framework proposals for the GEF, I have set out the elements I believe will be key for securing agreement to progress at the November Council meeting and for subsequent consultations with Council Member's national representatives to the Conventions. Many of these points arose during the seminar and were included in your summation.

Purpose

The paper should restate and reaffirm our commitment to the purpose of developing, with an undertaking to introduce, a resource allocation framework for the GEF, namely to improve the effectiveness and efficiency of the GEF for global benefits. Restating that this is a collective endeavour for collective benefits will be important for both the Council and the Conventions which the GEF serves.

Principles

The paper should restate and reaffirm our commitment to the principles which will underpin the RAF. These are recorded in previous Council papers and have been well rehearsed, but it would be useful to set them out again to describe the parameters, or limits, within which the RAF proposals have been developed and the best system will be operated.

It would also be useful to locate the current GEF work in the prevailing context of ongoing work on aid allocation in the World Bank and the OECD DAC to help demonstrate that key lessons and best practices are being drawn from authoritative and well evidenced sources.



INVESTOR IN PEOPLE

Allocation

The paper should set out the function of an allocation model, as part of the GEF's overall system of budgetary management, outlining the potential benefits and disbenefits of the proposals in design, as appropriate.

Any system of budgetary management requires ex ante decisions based on objectives and operating procedures to guide resource allocation. Currently, the GEF employs transparent methods for budgeting for the Secretariat etc, but not for focal areas or for countries within focal areas. The paper should explain how the proposals in design would improve allocation.

We believe that the current allocation 'method' is no longer adequate on either grounds of principle, e.g. transparency, or good management practice, and should be replaced with a priori indicative allocations to set ceilings for expenditure. We believe that allocations should not be treated as entitlements for parties, nor should they automatically translate into spend. Whatever system of allocation is adopted, it should be integrated into a coherent budgetary management system, with effective project screening and monitoring and evaluation. Further development of screening approaches may well be useful in strengthening the whole system, particularly for project appraisal, in future.

We are concerned that all countries retain access to the opportunity for at least a MSP, i.e. beyond the Convention compliance and capacity building activities which should be covered under the proposed funding floors. We are also concerned to avoid using the model to guide allocations beyond the reliable limits of the system and data. Country group allocations appear strong on both these counts.

Indicators

The paper should set out the rationale for the use of indicators and describe their function and limitations with respect to the purpose of the RAF. The use of indicators and the relative weightings of environmental and performance indicators should be explained in terms of their utility in informing allocation decisions.

It should be clear that environmental indicators form the first tier, but explain, on the basis of referenced sources, why they are insufficient in themselves to determine where maximum impact for GEF resources may be achieved. Strong performance, as an overall term for the measures of capacity to yield global benefits, is also essential to maximise global benefits. The range of measures includes consistency with Convention commitments, sectoral policies, portfolio performance and those macro indicators which experience in mainstream ODA shows to be relevant. Our judgement is that broad macro level indicators are likely to be relevant on cost effectiveness grounds.

Managing for Results

As the GEF programming and management systems should be geared towards managing for, rather than by results, it will be important to identify what measures the GEF can employ to assist countries with weak capacity. The current system is

not explicit about weak capacity or how it may be addressed. Clearly, the capacity building provisions will be relevant here, but other measures may be necessary.

Yours sincerely

Jos Wheatley