

**Draft Notes/May 31: GEF Sub-Regional Consultation
Europe and the CIS
Bratislava, Slovak Republic, 22-23 May 2006**

Day 1: 22 May 2006

Opening Session

Opening Statement

On behalf of the GEF Secretariat (GEF Sec), GEF Implementing Agencies (IAs) and Executing Agencies (EAs), Chairman Ravi Sharma of the GEF Sec welcomed the delegates to the Sub-Regional Consultation for Europe and the CIS. He expressed gratitude to all for coming, praised the high-level governmental as well as NGO representation from so many countries, and thanked the Government of Slovakia for hosting.

Mr. Sharma noted that this sub-regional consultation is the fourth of a series to be held globally. Its purpose is two-fold: (1) to better inform and discuss with GEF partner countries, significant changes within the GEF environment including the new Resource Allocation Framework (RAF) that comes into effect 1 July 2006, and (2) to identify needs and areas for capacity building interventions to support GEF Operational Focal points (OFPs), particularly in light of their enhanced roles under the new RAF. GEF was there to listen to their concerns, promote dialogue and act as 'messengers'.

Mr. Sharma briefly re-counted the history of the GEF, emphasizing its importance in assisting countries in coping with global environmental issues. Since its establishment 15 years ago, GEF funded some 1,750 projects with over six billion USD, leveraging over 20 billion USD. In that time, however, various trends in the international environment and development community, and changes brought about by new environmental conventions, necessitated changes to GEF policies and approaches.

The newest change is the Resource Allocation Framework (RAF) -- a mechanism geared to enhancing the role of beneficiary countries in their ownership of GEF projects. Accordingly, the RAF necessitates discussion and analysis of its implications for countries involved, and discussion on how to tap into potential opportunities brought about by the RAF.

Mr. Sharma emphasized that the role of FPs will become even more critical under the new RAF with respect to interface, facilitation, coordination and planning of GEF resource allocations and the securing of co-financing. He indicated that changes effectively implemented under the RAF may enable countries to play a more active role in the GEF and to plan and better coordinate at the national and regional levels.

He looked forward to a robust GEF replenishment for GEF4. There would be a new CEO for GEF in place in July, and the next GEF General Assembly would be held in South Africa at the end of August.

Mr. Sharma recognized that questions and issues may arise with respect to the operational details in implementing the RAF but that there is insufficient time to address all of these issues during the two-day consultation; however, participants were assured that the GEF Sec and IA/EA representatives would be available outside of the formal sessions to respond to questions and provide clarifications, and that they would not be “left alone” to manage these changes and next steps. Mr. Sharma ended his opening remarks by assuring delegates that the GEF and its IAs/EAs are available to support and work with the countries to ensure better ownership of GEF projects at the country and regional levels.

Other Introductory Statement

On behalf of the Government of FYR Macedonia, H.E. Minister Zoran Sapuric, the Minister of Environment of FYR Macedonia, welcomed delegates to the sub-regional consultation. Mr. Sapuric supported such consultations as a means of enabling participants to be better informed about new important changes. He further supported the new RAF system for basing allocations on a country’s ability to produce global environmental benefits and on its policy and institutional performance, and found the new Country Support Programme (CSP) encouraging. Mr. Sapuric ended his introduction by noting the many successful GEF projects that FYR Macedonia had already implemented and that continue to be underway, and encouraged participants to become more familiar with the new RAF system.

Delegate Introductions

Delegates introduced themselves. Attendees included representatives from: GEF countries of Europe and CIS (OFPs, political Focal Points, NGOs and observers); GEF (Sec, Evaluation Office); IAs and EAs (World Bank, UNDP, UNEP, FAO); and UNOPS. *(See Annex I: Final Participant List)*

Agenda Review

Mr. Gold, Global Manager of the National Dialogue Initiative and Country Support Program, clarified the overall objectives of the Consultation and reviewed the agenda with delegates. He noted that discussions would be simultaneously translated into Russian and that all materials were available in both English and Russian. He acknowledged that some delegates in the room were new to GEF processes, while others had already had significant experience in their roles as GEF Focal Points. He highlighted that the focus of the two days would be on discussing the new operational modalities of the GEF, in particular the new resource allocation framework (RAF), and how the role of Focal Point (FP) will change under the RAF.

Presentation: “GEF Update”

Vladimir Litvak (UNDP/GEF) and Zhihong Zhang (GEF Secretariat)

The presenters recounted and elaborated on GEF’s history, institutional framework, replenishment cycle, focal areas and respective strategic priorities and relevant conventions; multi-pronged capacity building approach; Scientific and Technical Advisory Panel (STAP); project eligibility criteria; funding categories; project cycle; and important recent developments/directions including new funds for Adaptation.

Key Points

- The GEF has spent about USD 9 billion on projects since its inception in 1991. GEF4 funding (replenishment) for the period 2006-09 is currently under negotiation.
- GEF is the designated ‘financial mechanism’ for the international conventions of biodiversity, climate change and POPs, and a designated ‘financial mechanism’ for the convention on desertification.
- Biodiversity and climate change take up about two-thirds of the entire GEF Portfolio.
- Until two years ago, GEF mainly addressed Climate Change Mitigation. New funds have been created to address Climate Change Adaptation. Three of the four related ‘Funds’ require no global benefits.
- Regarding eligibility requirements, projects should be ‘country-driven’, governments should endorse priority proposals, projects should produce global benefits, and should include the participation of all affected groups to maximize transparency.
- The advent of the RAF results in no change to GEF project eligibility criteria/requirements.
- GEF should not be viewed as a sole financier but rather as a co-financier that plays a catalytic role in co-financing. No definitive ratio for co-financing exists; however, recent studies have indicated that over the course of GEF, the average co-financing ratio has been approximately 4.5 to 1.
- The ‘Development Marketplace’ is a new funding mechanism. Winning NGO projects, endorsed by OFPs, were recently announced. It’s a very competitive program that stresses innovation as one criterion for selection.
- The ‘Small Grants Programme (SGP)’ is the most visible GEF program, operating at the community level with numerous successes.
- The GEF Project Cycle typically takes about 4-5 years.
- The independent GEF Evaluation Office was recently established and is leading a joint evaluation of the GEF project cycle and intends to undertake impact assessment studies in the near future.
- GEF has adopted a multi-pronged capacity building approach including, *inter alia*, the National Capacity for Self Assessment (NCSA) that may result in stand-alone capacity building projects or inclusion of capacity building activities in projects.

Questions and Answers: GEF Update

Key Points

1. Climate change funds
2. IA vs EA involvement
3. Project co-financing
4. Small Grants Programme and Development Marketplace
5. Long project cycle, MSPs and PDFs
6. GEF4 replenishment
7. Evaluation Office

Q1: Many participants asked questions about GEF Adaptation Funds for the climate change focal area (FA), and how this related to the new RAF.

A1: There are four GEF assistance funds to address Adaptation. The first is the Trust Fund. This is the only one of the four where proposed projects need to identify global environmental benefits (i.e. those arising through any adaptation to climate change in the areas of biodiversity, international waters or land degradation). Half of this fund has already been allocated to projects, while the other half will be allocated under GEF4. This is the only one of the four groups that will be under the new RAF.

The second fund (LDC) is for developing countries and does not apply to the European or CIS regions. Funds here mainly support national action programs.

The SCCF, the third fund, was developed through guidance from Parties to the Climate Change Convention. It mainly funds technology transfers for adaptation to climate change. This is a relatively liberal GEF instrument as any project can use Adaptation as a development activity rather than having to prove global environmental benefits. This fund, not under the RAF, is already operational with proposals being sent in now.

The fourth fund, the Adaptation Fund, is still being discussed by Convention Parties, with the expectation that decisions will be made by year-end about what will be funded and who will manage the fund. It is expected to be similar to the first fund above with no global environmental benefits required. Under the Kyoto Protocol, a 2% share of funds devoted to the 'Clean Development Mechanism (CDM)' was devoted to this fund, with some USD 300-500 million expected over the next several years.

Q2: There was confusion about the role of IAs and EAs in the GEF project cycle, with a perception that some projects were "IA projects".

A2: Every project is linked with an IA (of which there are three: WB, UNEP, UNDP) as well as an EA (of which there are seven: four development banks, IFAD, UNIDO and FAO).

IAs need to work with countries on priority issues, and to help determine what project concepts can be developed that are of interest to the country and appropriate to the GEF format. IAs should have constant dialogue with countries in this regard. Once a concept is seen as valuable, then the country develops a proposal using its own funds or with assistance from GEF Product Development Funds (PDFs). This is submitted to GEF Council and GEF Sec. IAs ensure that feedback from Council and GEF Sec reaches the country, until the project document evolves to the point where it is acceptable to all. Following this project development cycle, project implementation begins and the role of IAs here depends on the project. IAs can also assist in assessing and reviewing projects and transferring lessons to other countries.

EAs can basically provide the same kinds of technical assistance (e.g. project identification, development and implementation) as IAs, in the focal areas in which an EA has limited access to GEF funds. For example, FAO can access funds in the biodiversity, climate change and international waters focal areas. UNIDO can access funds through POPs. There are also national EAs who execute the projects, apart from the 7 international EAs.

Q3: Some participants requested more clarity about project co-financing. For example, did GEF require minimum co-financing levels from countries?

A3: It was agreed that the issue of co-financing is complicated and dependent on how much a country is able to contribute. There is no GEF policy for a specific co-financing ratio or minimum amount. The ratio is usually determined through negotiations between GEF, its agencies and a country, depending on the project, country and FA. Co-financing is typically higher from richer countries, and higher in the climate change focal area (i.e. the ratio here is about 1:4).

Other lessons learned are that countries often contribute more than is readily apparent, and there has been a significant increase in co-financing recently. This does not mean that a project with a 1:1 ratio for co-financing will not receive GEF funds. It is actually more important for GEF to have the right project with government ownership and political support – this political support can be as or more important than a country's financial contribution.

Regarding the SCCF for climate change adaptation, countries usually already have some of their own funds earmarked for climate change projects, so co-financing can include these earlier earmarked amounts. A country can therefore “reformulate” some of its existing activities, to adapt projects to take into consideration the impacts of climate change. In so doing, the country would not be expected to raise additional funds.

Q4: Could GEF provide more clarity about the Small Grants Programme (SGP) and new Development Marketplace? For example, was the latter just a one-off activity? The lack

of current information also makes it difficult to understand how OFPs are involved in the Development Marketplace, if at all, and how they can include national priorities.

A4: The SGP began in 1992. The procedure is for a FP to express interest to GEF or UNDP-GEF to initiate an SGP. Following discussions and agreement, the country establishes a National Committee to decide how the granting will work. The Committee should have representatives from the government, NGOs and civil society to ensure the decision-making process has multi-stakeholder input. Grants are provided to NGOs and civil society, not to governments. UNDP-GEF works with the government to appoint a National Coordinator who can be from the government, an NGO or UNDP – the choice varies among countries. The Coordinator facilitates and monitors the process. The maximum amount for a SGP grant is USD 50,000, but it is typically more around USD 25,000. More information can be found on the GEF website.

The Development Marketplace is not only for one year. It had USD 2 million allocated this year and will have USD 3 million for next year. The maximum award this year was USD 250,000. Anyone can apply including governments, academics, NGOs and the private sector. This year's themes were energy, water supply and sanitation. The most determinant criterion for selection is innovation while other criteria are similar to GEF project criteria. There is also an emphasis on private sector contributions so many proposals included private sector partnerships. A local partner is also required. One example this year was a solar project in Laos between an international company and a local partner using an innovative business model. More information and examples of the award winners this year can be found on the GEF website.

Important differences between the SGP and Development Marketplace are that the latter is open to all WB countries, has an annual theme and time window for application. Countries using the SGP need to align project issues with GEF focal areas and the SGP accepts applications year-round.

For the Development Marketplace, GEF-related proposals are applicable only in those focal areas where GEF has a mandate. The World Bank (WB) manages this fund, not GEF, although GEF contributes funds as do the WB and Bill Gates Foundation. Once the WB selects a project proposal for which GEF funds are eligible, then the OFP still needs to endorse that project.

Q5: It was noted that the project development process takes too long, at times longer than the project implementation duration itself. Could this be improved? How could Medium-Sized Projects (MSPs) and PDFs be better used to improve the project cycle?

A5: This issue had come up in earlier sub-regional consultations, as well as in several Project Performance Reviews assessed by the GEF Evaluation Office. A preliminary study that looked into elapsed time in project preparation found that, on average, full-sized projects took about three years and MSPs tended to be about the same. This is considered to be a big problem at GEF which needs to be addressed. One concern is the

extreme complexity of institutions under GEF, so there is a need to simplify rules. This has resulted in problems with the quality of some projects at entry.

A full study is now assessing the GEF project cycle which will identify bottlenecks and specific actions needed. It will be clear, independent and developed in consultation with GEF agencies and their evaluation departments.

GEF provides PDFs to improve stakeholder input to the process. PDF-As provide funds up to USD 25,000 to develop projects and convene meetings. PDF-Bs can be up to USD 350,000 for longer periods of time and more extensive studies. MSPs are projects worth up to USD 1 million, and there are funds available up to USD 50,000 to develop them.

Q6: Was there any information as to when the GEF4 replenishment figure would be known and expectations for the amount?

A6: Negotiations are underway now to determine this figure. Hopefully it will be available for the next GEF meeting in June.

Q7: Does the new Evaluation Office provide feedback to Council and the international conventions or just internally?

A7: The Evaluation Office reports to Council. GEF used to have its own Monitoring and Evaluation (M&E) Unit which recently became a completely separate and independent Evaluation Office. The Office has a structured process for assessing terminal evaluation results which are being compared year to year. There have been improvements but there is still work to do. The Office has identified some recommendations in the Performance Review which have not yet been followed up on.

Presentation: “Introduction to the Resource Allocation Framework (RAF)” Kiran Pandey, GEF Secretariat

The presentation’s context was that GEF Council had adopted a Resource Allocation Framework (RAF) that applies to the biodiversity and climate change FAs for the GEF4 replenishment period, and had asked GEF Sec to consult with countries regarding its implementation. After a brief introduction of the RAF’s origins and development, details were presented on the indicators used for determining country and group allocations under the RAF. Mr. Pandey also highlighted specific features of the RAF and the enhanced role of Operational Focal Points (OFPs).

The RAF will have a crucial impact on how OFPs manage resources so it should be fully understood as soon as possible. Furthermore, the RAF has already been adopted by Council so the presentation focused on how to implement the system rather than its merits. Support for implementing the RAF would be discussed the next day.

Key Points:

- Key overall changes through the RAF: countries know upfront how much money they can program; increased role of OFPs to facilitate consultations for national priority-setting; and more transparency in allocation process.
- What has not changed: convention guidance remains primary determinant for GEF funding priorities; countries prepare projects in line with GEF Operational Programs and Strategic Priorities; project cycle and Technical Project Review Criteria.
- Allocations to countries and the country groups for each 4-year replenishment period are based on formulae and are subject to ceiling and minimum allocations.
- The allocation formula is based on ‘global environmental priorities’ and ‘country-level performance’ which are measured by the GEF Benefits Index (GBI) and GEF Performance Index (GPI) respectively.
- There are separate GBIs specific to biodiversity and climate change based on indicator sets.
- The GPI formula is based on national performance success with: GEF projects through a ‘project portfolio’ (10%); ‘environment sector’ (70%) assessed through WB policy and institution data (CPIA); and ‘broad framework’ assessments of governance by the WB (20%).
- FA ‘envelopes’ for biodiversity and climate change are distributed to countries in a similar manner:
 - 5% for Global and Regional projects
 - 5% SGP and Cross-cutting capacity building projects
 - 90% Country and Group allocations (of which at least 75% are to individual countries and the remainder to groups)
- GEF wants to make sure that countries with low allocations get more through access to pooled resources in their country group.
- The ceiling for each country is 10% of the biodiversity envelope and 15% of the climate change envelope.
- The minimum allocation for each country is \$1 million for each focal area for 4 years.
- Allocations to countries and groups are not entitlements; they are maximum amounts countries could have for well-developed projects.
- Only 50% of the 4-year allocation may be ‘utilized’ in the first two years. After two years, updated GBI and GPI data are used to re-apply formula to countries to define re-allocations.
- The RAF will be reviewed independently by the GEF Evaluation Office:
 - Mid-Term Review after two years of implementation
 - A review in conjunction with OPS4 after four years

The Question and Answer session for this presentation was deferred until after the following presentation.

Presentation: “Managing Resources under the GEF RAF”

Kiran Pandey, GEF Secretariat

The presenter highlighted the role of OFPs in establishing national priorities and managing GEF resources under the RAF, and the information support that the GEF would provide to focal points to carry out their roles.

Key Points

- The RAF deals only with approvals, not implementation.
- In April/May 2006, the GEF CEO sent OFPs new RAF guidelines on managing resources, a list of concepts currently under various stages of development in each country, and initial indications of country and group allocations based on GEF3 amounts.
- Final allocations for GEF4 will come soon. These will most likely be similar to those in GEF3 in terms of number of countries and allocations.
- OFPs are asked to begin national priority-setting processes through a consultative process and communicate decisions to GEF about their (re-)endorsements by 2006 September 15.
- Countries are encouraged to endorse a sufficient number of concepts to ensure that their allocations will be utilized. (Based on historical experience, GEF Sec recommends over-programming levels of 130-150% for 4-year allocations)
- Countries that expect project approvals in the first few work programs of GEF4 are encouraged to send initial list of re-endorsements by 2006 September 15.
- Countries need to confirm amounts to be allocated from country/group allocations towards regional projects. The IA implementing a regional project will work with participating countries to determine burden sharing across countries.
- Rules on “utilization” of allocations:
 - “50% rule” -- only 50% of allocations can be committed during the first two years.
 - Unused allocations from the first two years are carried over to the next two years.
 - All remaining unutilized funds at the end of four years will revert to GEF.

Question and Answer: Both RAF Presentations

Key Points

1. Project development too long for RAF
2. Country allocations
3. GEF4 and “re-endorsements”
4. Biodiversity GBI
5. Global and regional projects
6. Country eligibility with focus on Hungary
7. NGO involvement under the RAF
8. SGP and regional project allocations for GEF4

Q1: There were many questions and concerns about existing problems with the GEF project development cycle and how they might negatively affect implementation of the new RAF system. It was again noted by participants that the project development cycle is now too long (between 3-5 years) and cumbersome. The new RAF would bring in a 4-year system which might be too short a time period for countries to develop and implement quality projects. Participants feared that the end result could be poorer quality projects, unused country allocations that might revert back to GEF and proof of an ineffective RAF. As a result, could some countries become winners and others losers under the RAF?

A1: The new RAF is meant to ensure that project quality does not deteriorate, with special emphasis that projects generate global environmental benefits. Furthermore, there has been no change in project technical review criteria.

GEF Sec was asked by Council to consult with countries about the new RAF and it wants to hear from countries about how to improve RAF implementation. There will be M&E processes in place that monitor and evaluate the impacts of RAF on project quality – these will show how to best implement the RAF. If it is revealed that changes are needed, then they will be made. Project quality is a serious issue at GEF, as well as for other international organizations. Project approval times will hopefully decrease in the near future. The Evaluation Office is really trying to raise awareness that this problem should be solved and there is hope for improvements through the RAF.

As for winners and losers, it is difficult to say what will happen. There will be shifts in resources under the RAF after which we will be able to compare who got what in GEF4 and earlier GEF periods.

Q2: There were a number of questions related to country allocations.

If a country exceeds its allocations, then can its allocation be adjusted upwards? Can there be a shift in allocation between different focal areas (FAs)?

If a country exceeds its 50% allocation in the first two-year period of the cycle, can the excess amount be transferred to the second two-year period? Are re-allocations after the first two years only for countries in groups or for all countries?

A2: Firstly, it was emphasized that GEF could be flexible in terms of RAF implementation but not in terms of RAF design. Where changes to RAF rules are requested, these must be done at the level of GEF Council. GEF Sec was at the consultation to explain the rules of the new system as adopted by GEF Council, and if there was feedback that RAF implementation should change, then those suggestions would be reported back to Council. It was acknowledged that the role of FPs is increasing under the RAF, and that while the RAF was new to FPs, it was also new to GEF, so the two would need to work together and communicate to best manage the process.

Current RAF rules now state that allocations for specific FAs could not be “co-mingled” and moved between them – an allocation for a specific FA had to be used for that FA.

There was no existing mechanism for permitting the over-commitment of funds in the first two-year period of the new 4-year cycle. It was suggested that larger projects be phased over time for approval (e.g. a USD 4 million project could be split into two USD 2 million projects over the four years). Re-allocation assessments after the first two years are made for all countries, whether they are in a group or not.

Q3: Some projects under review in GEF3 may need to be “re-endorsed” for GEF4. Clarity was requested about this confusing issue, especially as to the date when GEF3 ends and when GEF4 starts. Is it June 30, 2006?

A3: GEF3 continues until GEF4 starts which is expected to be June 30. But this date is not certain as the final figure for GEF4 replenishment has not been decided yet. September 15 is the date for countries to submit their first round of endorsed proposals under GEF4. The September date was suggested under the expectation that the earlier date for announcing the final GEF4 replenishment figure will give countries enough time to carry out an effective process for making project endorsements.

Countries were notified that they would get another letter in the near future, once the final GEF4 replenishment figure was decided, with final exact allocation figures and an updated list of project concepts. (Each country had been earlier given an envelope during the consultation that disclosed expected indicative allocations given current data, which may increase or decrease depending on the final amount for GEF4 replenishment.)

Full-size projects typically take 2-2.5 years to develop. Projects that are expected to be approved early in GEF4 most likely started development about two years ago. New projects added to the pipeline now will probably end project development by the end of GEF4, or the start of GEF5. This is a continuous process. That’s why countries are asked to start developing new projects now.

If a project was not approved in GEF3, then it will shift to GEF4 for review and endorsement. As for ‘Multi-Focal Projects’, if not approved in GEF3, then the part of the project linked with GEF focal areas will be shifted to GEF4 for review under the RAF.

There may be a misconception between “utilizing” funds and “disbursing” funds under an allocation. Utilizing an allocation means that a new commitment has been approved for a new project. That money is then set aside. The money has been “utilized” the day the project was approved. “Disbursement” on the other hand can take place whenever a country wants, after approval.

Q4: There was some disagreement over how the biodiversity GBI was computed for countries. It was suggested that species as the main indicator for global biodiversity is

insufficient and that species richness is currently based on fragmented data. The size of area and habitat complexity should also be considered. Given this approach to computation, countries in the Europe and CIS region would suffer while tropical countries would have access to the majority of resources.

A4: The biodiversity GBI was based on definitions provided by the Convention on Biological Diversity (CBD). Under the CBD, species diversity is well characterized and data can be comparable for many countries. In contrast, ecosystems are a much broader concept. However, the GBI will be continuously assessed over time to include updated information with assistance from the CBD. While future improvements are possible and encouraged, this is the system available now. GEF Council approved indices including the GBI and they will also be assessed during the mid-term review of the RAF. In the meantime, countries can express their views and priorities about indices to both the GEF Council and CBD.

Q5: The nature of regional and global projects was not completely clear to many participants. How are funds allocated to regional projects? Are funds taken from country projects to fund regional projects? Does this not mean that countries lose resources?

A5: A paper related to the criteria used for committing funds to global and regional projects, and how they are managed, will be presented to GEF Council at their upcoming meeting in June. Currently 5% of each FA envelope is committed to global and regional projects. This figure was decided by GEF Council, it was a political compromise, and it was lower than historical amounts for these types of projects.

‘Global projects’ are those of global scope that would not be funded otherwise by individual countries, given they would have no inherent incentive to do so. ‘Multi-country projects’ are those funded through contributions from countries and country group pools with benefits that go beyond each country. ‘Multi-focal projects’ will have funds pooled from different FAs -- the IA responsible for such a project should talk with all partner countries and agencies involved to determine what contributions are required, including how much each country is willing to contribute, and the IA will then help put the package together.

GEF will look into what kinds of projects can be funded through existing fund pools. Species migration could possibly be a suitable issue for global and regional projects.

Each country will be asked how much they would like to contribute. IAs cannot tell or force a country to accept a regional project. Contribution size is a decision made by each country. If a country prefers to keep its allocation solely for country purposes, or to pull out of a regional project, then it may do so.

At the same time, despite being a difficult choice, there is an expectation that countries will participate in global and regional projects with their country allocations. Regional projects supported in this way will have a stronger potential to be effective.

Q6: Confusion was expressed about whether Hungary would be eligible for funds under GEF4. The participant was worried that time and energy might now go into the development of project proposals, only to hear that Hungary is no longer eligible in a few weeks time.

A6: Eligibility criteria under the RAF are no different than those generally for GEF. Eligibility is based on two criteria listed in the GEF instrument. Article 9A refers to eligibility based on convention criteria. Under the climate change convention, EU accession countries all fall under Annex 1 so they are not eligible here. Eligibility under the CBD depends on whether the country is developing or not, so this question is more open. EU accession countries may be eligible under Article 9B of the GEF instrument which allows eligibility for countries that receive WB assistance or UNDP technical assistance. Many accession countries have graduated from assistance from the WB or UNDP. If, when GEF4 starts, a country is still eligible, then it can get an allocation. Once a country loses eligibility, then GEF can no longer finance it. If, at that time, a country has a project that's already been approved, then the GEF can still make disbursements to honor its commitments, but it cannot make any new commitments.

Eligibility discussions between the WB and countries last a long time. The GEF CEO advises that countries get clarity on their eligibility as soon as possible and in advance of getting any proposal endorsed by the CEO. If uncertainty is high, then perhaps time should not be spent on proposal development.

Regarding Hungary specifically, the country was still on the eligibility list last November although a footnote in that document stated that Hungary was expected to graduate from assistance before GEF4 begins. This is still expected and the next time the WB updates its list will be July 1 2006.

The process of graduation from assistance takes a number of years based on a number of conditions. At the same time, some countries that have graduated returned to the eligibility list afterwards. In any case, if a country loses eligibility, even if it has an allocation now, then GEF will not be able to make further commitments.

Q7: Before the RAF, there was no limit to funding, so NGOs did not have the fear that they would be shut out of the process. The new RAF puts limits on funds, with the effect that NGOs now fear being shut out. How can it be ensured that national consultations develop national priorities that include fair NGO involvement?

A7: This is an important question that concerns the GEF. There have been perceptions of differences in getting projects through between governments and NGOs. In response, GEF developed the concept of 'Medium-Sized Projects' to streamline the process.

Under the RAF, OFPs do have a stronger role, and as they are usually government officers, government priorities will probably have a stronger voice in the overall priority-setting process. But this is not to say that civil society should be undercut and this is something GEF does not support. GEF has a strict consultation policy explicitly detailed in its guidelines and these have been sent to OFPs. We expect OFPs to lead a consultation process with stakeholders including civil society. GEF will try to monitor these consultation processes and may in time need to establish policies and programs to better address such issues.

Looking back over the last few years, allocations for NGOs have actually increased significantly. The first SGP had about USD 1 million for two years. Now it has USD 60 million for one year which is a sign of phenomenal growth. Under the RAF, 5% of total funds will be reserved for SGP and capacity building activities and we expect high allocations to continue for the SGP. There is also new support from the Development Marketplace which is open to civil society – funds for this totaled USD 1 million and Council just agreed to USD 5 million for two years. Overall GEF allocations to NGOs are expected to continue to increase.

Q8: Is there any assessment now about whether allocations for the SGP and for regional projects will rise or fall in GEF4?

A8: There are no representative figures at this time but it is expected that any change will probably be only marginal. Some countries may also wish to set aside some of their national allocations for the SGP.

Day 2: 23 May 2006

Presentation on “Briefing on the Country Support Program (CSP) for Focal Points” Stephen Gold, UNDP/GEF; Neil Pratt, UNEP/GEF

Mr. Gold recounted the history of the development of the CSP, its objectives, implementation process and budget. The CSP's main objective is to help strengthen the capacity of GEF OFPs to effectively carry out their mandates for supporting GEF programs in their countries and constituencies, including the new RAF. It was developed in response to FP needs, approved in November 2005 by the GEF Council and is meant to compliment the GEF National Dialogue Initiative (NDI). The CSP is a 4-year (2006-09), 3-Component program guided by an inter-agency advisory committee.

With a total budget of USD 12 million, the majority of funds are allocated to Component 1, 'direct financial support to focal points', which is implemented by UNEP. Components 2 and 3, which address 'knowledge management' and 'regional exchange and training workshops' are implemented by UNDP.

Mr. Pratt elaborated on Component 1 as including:

- up to US \$8,000/year for 4 years per country
- funds for travels to two constituency meetings/year for each constituency
- funds for new FP participation in GEF familiarization seminars

To obtain direct financial support, Mr. Pratt said that participants should already have received letters explaining the required MoU, procedures for transferring funds, and reporting. The letter also explained the required Annual Work Plan to be submitted to GEF Sec by FPs for approval, and included possible Work Plan activities.

Mr. Gold elaborated on Components 2 and 3. Component 2's end product, the web-based 'Knowledge Management (KM) Framework', will be based on existing KM frameworks, other national strategies (e.g. NCSAs) and recommendations from GEF focal points through this series of sub-regional consultations. Activities will include the development of new guidance and information materials (including lessons learned), and information exchange forums which can also be used at the constituency and national levels.

Mr. Gold referenced the document 'GEF National Coordination – Lessons Learned' as an example of a reference tool with six country experiences available in five languages. A 'Handbook for Focal Points' has also been developed and will be made available in the coming weeks in multiple languages.

Component 3 allows FPs to participate in 'targeted capacity building workshops' focused on regional exchange and trainings (e.g. to develop KM frameworks, communication and outreach strategies, design national stakeholder consultations, linked to other initiatives such as the Portfolio land degradation and capacity building projects). The design and content of these workshops will be based on needs expressed directly by the GEF focal points.

Overall, the CSP provides significantly more than what the earlier GEF capacity-building program provided which was limited to USD 8,000 total per country per year for all support.

Questions and Answers: CSP

Key Points

1. Clarity on Component 1 direct support
2. Constituency meetings
3. Time frames for Components 1 to 3

Q1: There were a number of specific questions related to Component 1. Was the USD 8,000 per year granted automatically to a country or did a country need to apply? More clarity was needed about the nature of the annual work plans. Did a work plan begin from the start of the calendar year or from the signing of the MoU with UNEP? Was there any flexibility in how a country distributed its annual allocations of USD 8,000 over the four years?

A1: The USD 8,000 is not awarded automatically but it is an entitlement provided a country wants it and meets the guidelines approved by GEF Council -- these are presented in the Annex of the 'Toolkit' document handed out earlier to participants. Countries need to carry out actions that fulfill objectives noted in this Annex. Annual work plan examples could include activities such as more consultations to discuss priorities with stakeholders, the establishment of a website to inform constituents, or the creation of a database listing national projects.

As for flexibility, there was no definitive answer on this, but it is acceptable that unused funds from the USD 8,000/year from one year could be carried over to the following year.

Q2: Regarding funds for constituency meetings under Component 1, there were a number of related comments. Participants questioned the usefulness and benefit of such meetings and relevance to country needs. Some participants did not understand why they had never attended or been invited to any constituency meetings before (e.g. Armenia), nor the composition of such a meeting.

A2: There is no prescriptive objective for a constituency meeting. One possible benefit to countries is that it could be a forum to receive more information about Council meeting discussions and decisions, such as the development of the RAF. It also provides an opportunity for countries within a constituency to come to a mutual consensus on issues. If a country has not yet attended a constituency meeting, then funds for this purpose are now available to encourage participation (a bilateral meeting between GEF and Armenia on this issue was encouraged here). Similar funds have existed before but they were not fully used and GEF wants them to be fully used now.

A 'constituency' is the legal representation of countries within GEF Council which is GEF's governing body. Constituencies are represented by 32 Council Members. A country can join any constituency. Geographic location is not a criterion. To join a constituency, the applicant country must communicate a request to all of the countries in that constituency. These must all agree for the applicant country to be accepted.

While the CSP pays for constituent travel to meetings, costs for hosting meetings is provided through the GEF Sec 'corporate budget'.

Q3: What are the time frames for implementing Components 1 to 3?

A3: Component 1 funds are already available for use. Components 2 and 3 become operational at the start of 2007. A needs assessment for the new KM framework will be completed by August/September of this year.

CSP Working Group Sessions

Introduction and Guidance

Before breaking out into Working Groups, Mr. Gold noted that the goal of the Working Groups was for participants to further develop country needs for focal point capacity building, the new KM framework and regional exchange and training sessions, and possibly additional support tools, especially those needed to best implement the RAF. This feedback would be the basis for the detailed Work Plans under Components 2 and 3 of the CSP to be developed. The results of the needs assessment from all of the sub-regional consultations would be presented during the GEF Assembly in August 2006.

NGOs were informed that they could meet separately as one group or join country groupings.

Working Groups were to refer to two documents to assist them in their sessions:

- CSP Exercise for Focal Points
- Toolkit

The ‘CSP Exercise’ suggested that Groups respond to the four following issues, although they did not have to follow this suggestion:

- A.** Coordinating and facilitating GEF activities and resources; initiating and establishing informal/formal relations with key GEF stakeholders at the country-level
- B.** Building institutional memory within national executing agency/government ministries
- C.** Mainstreaming global environmental concerns into national sustainable development strategies
- D.** Collating knowledge and training needs of GEF project proponents and other key stakeholders

Working Group Feedback

Working Group A+B: Armenia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine, Uzbekistan

This Group provided their own template for discussion, in part by following the CSP Exercise. A number of ‘potential challenges’ faced by countries were noted, as well as related recommendations:

- A concise national ‘Stakeholders List’ is required for each country which should include: ministries and central governmental bodies, Parliament, local authorities, self-governance (??), NGOs, CBOs (??), academic and scientific organizations, international organizations and the private sector.

- FPs are very busy with low capacity to fulfill their new expanded role under the RAF. They lack time as well as financial, intellectual and human resources. To assist them in their work, it is suggested that a ‘Secretariat’ be created with the possibility of additional funding and technical assistance. A ‘regional network’ would also be helpful.
- Co-financing is difficult for countries so assistance is needed here.
- There is a lack of sufficient communication and dialogue at the national level for identifying national priorities. More national and FP meetings at the regional level are needed. Communications between countries in a constituency also needs improvement.
- There is a lack of training in specific fields for FPs and national experts (e.g. international law, incremental cost analysis).
- FPs need to better understand the comparative advantages between GEF IAs and EAs, and require better regular updates (e.g. lessons learned) from GEF.
- There is currently no database on experts available. One should be created, including international experts that can help evaluate projects.
- Key national documents relating to the GEF were identified as national strategies and action plans.
- A range of products and activities are needed to improve public opinion and disseminate information. These include websites, publications (e.g. newspapers, magazines), presentations and round tables. Materials should be prepared and translated into different languages.
- More team building with an expanded list of partners is required, including: Secretariat, conventions FPs, responsible officers of IA/EA country offices, experts from other relevant ministries (i.e. besides environment such as finance), project experts, and NGOs (note: some members of this group did not agree with including NGOs).

Working Group C: Albania, Bosnia and Herzegovina, Croatia, Georgia, FYR Macedonia, Serbia and Montenegro

This Group made four recommendations instead of following the CSP Exercise:

1. To engage stakeholders, each country will establish a ‘National Body’ to review GEF environment activities and decide on priorities for future GEF support. This will be based on an evaluation of past GEF activities. All relevant ministries and agencies will be invited, as will convention Focal Points. This will provide a common ground for discussions and ensure the engagement of various players.
2. PIUs (Project Implementation Units?) will have regular reporting meetings to ensure that FPs have full information about projects submitted for endorsement and about project implementation progress.
3. Assistance in the establishment of a national GEF website, to ensure institutional memory, with useful links to other sites and conventions.
4. National dialogue meetings.

Working Group D: Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Turkey

This Group followed the CSP Exercise:

A. Coordinating and facilitating GEF activities and resources; initiating and establishing informal/formal relations with key GEF stakeholders at the country-level:

The following country activities were suggested to engage GEF stakeholders:

- Improve decision-making process for country assessments of projects.
- Establish an ‘evaluation committee’.
- Strengthen the role and activities of IAs in each country, including better coordination between IAs to prevent overlapping projects.
- Better coordination between all stakeholders.
- Network management.
- Provide clear guidelines and a concept for GEF applicants based on a preliminary national dialogue with the participation of all stakeholders.

Expressed needs included: the translation of basic documents into local languages; creation of a national GEF website with periodic updating and feedback; and ‘project implementation clubs’ to ensure projects are properly evaluated.

B. Building institutional memory within national executing agency/government ministries:

Key national documents relating to the GEF were identified as national environmental strategies, national policies and priorities and endorsement letters, all to be linked to the GEF website.

To build institutional memory, the local GEF managing institution should make links between its website and EAs and IAs.

Expressed needs included:

- Basic training on GEF knowledge to address all issues.
- Carrying out familiarization/training with local stakeholders.
- Including GEF national activities in different awareness raising campaigns (e.g. Earth Day, International Environment Day, Danube Day).

C. Mainstreaming global environmental concerns into national sustainable development strategies

To identify and create linkages between GEF projects and other sustainable development projects, the suggestion was to integrate GEF priorities and objectives into national sectoral strategies, plans and programs.

Expressed needs included consultation between different stakeholders and expertise on GEF.

D. Collating knowledge and training needs of GEF project proponents and other key stakeholders

Suggestions here included periodic meetings to update existing information and feedback, and developing a ‘frequently asked questions list’.

Proposed national activities to address Knowledge Management and Training Needs included: (Year 1) seminars, workshops and consultations with stakeholders; and analyzing current status and planning next steps; (Year 2) seminars and workshops; (Year 3) information about the mid-term evaluation process; and planning for the next programming phase; (Year 4) regional consultation and lessons learned, and preparation for the next programming phase.

The following issues were identified with regard to the ability of FPs to carry out their new role under the RAF:

- Facilitating discussion and consultations between different stakeholders.
- Improving the existing system of project approval and endorsement.
- Improving consultation and coordination with EAs and IAs and the establishment of a core technical expert group to support OFPs.
- Participation in regional meetings and the sharing of experiences within and between different regions.

NGO Group

This Group did not follow the CSP Exercise. Their presentation was entitled “Why should we care?”

It began by noting that NGOs care about how and where GEF funds are spent to solve environmental problems, how conventions are implemented, and how the GEF instrument is working in practice.

Under the new RAF, government FPs would have more responsibilities than before. As NGOs currently have only limited interaction with GEF, NGOs argued for a stronger partnership between FPs and NGOs to implement GEF policies and identify national priorities. Win-win situations were seen as possible because NGOs believed they could provide assistance to FPs and act as knowledge managers, watch-dogs and policy advocates.

At the national level, NGOs could partner more with government FPs. Accredited NGOs could select a National NGO FP which would work on a daily basis with a Government FP. National NGO consultations could be organised prior to Council meetings regarding

the following issues: Council agenda; technical national project activities; and progress of GEF focal area implementation.

At the regional level, NGOs could add value to the work of GEF Council and facilitate regional concerns. Regional consultations could follow national NGO consultations, addressing issues such as: experience exchange; regional cooperation on trans-boundary issues; new project ideas; innovative solutions; and the selection of an appropriate NGO representative who participates in Council meetings.

Benefits resulting from these actions would include:

- True interaction between civil society and governments.
- Incentives for NGOs to be GEF-accredited.
- A true sense of local and regional concerns.
- New partnerships at the regional level on the basis of GEF projects.
- Consolidated regional positions.
- Appropriate NGO representatives.

To achieve this, NGOs would require the following:

- OFPs conduct national consultations.
- Basic financial resources for national NGO FPs.
- Additional resources for certain content issues (e.g. assessments of how a project contributes to convention implementation, financed through GEF Evaluation Office).

CSP Summary Comments

Mr. Sharma noted that some recommendations from the Groups could be supported through the CSP while others could be done through other GEF capacity building windows of opportunity. Mr. Gold stated that GEF would continue to share lessons learned in capacity building and that recommendations from the consultations would be consolidated and later presented back to all participants.

Mr. Sarhan from the GEF Secretariat added that GEF would be presenting, at the GEF Council meeting in June, an NGO paper proposing a number of tools that could help NGOs better engage with GEF. This was in response to recommendations made last year by the GEF NGO network. This included: support for regional NGO Focal Points to improve coordination and communications in the region; an improved KM framework enabling NGOs to enhance their capacities (e.g. through training modules); an Outreach and Communications Strategy that would involve NGOs, slated for 2007; and a full-time NGO Coordinator for GEF Sec. The relevant document 'Elements of an Action Plan for Better Engagement with the NGO Network' is available on the website.

Questions and Answers

Key points

1. Evaluation committee
2. Equipment purchases and connectivity
3. GEF national reports

Q1: Clarity was requested by GEF regarding Group D's point about "establishing an evaluation committee". GEF noted that Columbia and Bolivia are good examples where IAs are effectively involved in National Committees.

A1: The Group's response was that FPs receiving project proposals are pushed by IAs to endorse them shortly afterwards (e.g. 1-4 days). Group D's suggestion would ensure that all proposals are sent to an evaluation committee at the institutional level well in advance (i.e. one month) of endorsements to ensure projects are consistent with national priorities.

Q2: A number of participants could not understand why the procurement of equipment and hardware (e.g. laptops) was not permitted through GEF funds. The suggestion was made that a special fund be created for all FPs to be able to purchase such essential equipment required for their enhanced roles under the RAF. While GEF did permit the purchase of a modem for a computer, this was seen as an outdated technology which should be replaced by a leased line. It was difficult for OFPs to manage GEF-related emails on the same computer as used by OFPs for their routine jobs.

A2: GEF guidelines on this point are clear. Funds cannot be used for equipment purchasing and this rule may not be alterable. However, as funds can be used to promote internet connectivity, it may be possible to support such connections through more realistic funding. Perhaps GEF could pay for wireless cards to improve connectivity. GEF will look into this possibility and get back to participants with an answer.

Q3: What is meant by 'GEF national reports'?

A3: Some countries report annually to their National Committees and governments. However, this is optional and not required.

Presentation: "Evaluation and Results in the GEF"

Aaron Zazueta, GEF Evaluation Office

Mr. Zazueta elaborated on the mission and work program of the GEF Evaluation Office and the following points related to Monitoring and Evaluation (M&E): GEF policy, GEF M&E pyramid with key roles and responsibilities, involvement of focal points, minimum project requirements including design and evaluation, the GEF portfolio, the RAF and the Annual Performance Report (APR).

Key Points

- The newly created Evaluation Office is independent from GEF Secretariat and Implementing Agencies, and reports to GEF Council.
- Lack of transparency and lack of clarity about project success are the two biggest current critical issues of concern for GEF and donors. While the Office found that GEF is doing a good job, it cannot specify what exactly GEF is achieving for the environment because of a lack of indicators.
- There is a paradox that GEF looks like a model of transparency while at other times appearing opaque. One reason is because GEF is very complex. The RAF was meant to help improve this by basing results on performance and using M&E.
- GEF policy is that the purpose of M&E is to promote accountability and learning, to improve project and programme effectiveness and results.
- M&E should be done by all levels of the GEF system. There are only 6 staff in the Evaluation Office! Some other levels are already involved in M&E.
- Focal Points have become increasingly important in GEF evaluations, often providing assistance and information to evaluators, including for Country Reviews (where GEF activities are evaluated at the country level). The more focal points get involved, the better the RAF will be. Some countries already do their own evaluations. Evaluation lessons should be integrated into new project proposals.
- All projects should include a fully budgeted M&E plan (including indicators) and they will be evaluated at end of implementation. The Office will soon be providing guidelines for Terminal Evaluations.
- There are many M&E tools and approaches.
- The GEF Secretariat will propose a results management framework to Council by December 06.
- The 'Management Assessment Record' tracks the extent to which Council recommendations are being implemented. (e.g. Has GEF Sec taken adequate steps to improve transparency as requested?)
- The 'Agency Performance Record' is a new instrument assessing agencies.
- The RAF will be reviewed after two and four years, including RAF impacts on GEF operations. This review will provide to Council a candid assessment of what is working and what is not working.
- From FY 2004 to FY 2005, the Office's Annual Performance Review (APR) found significant improvement in the quality of project Terminal Evaluations, in part because IAs responded to earlier recommendations. It is expected that GEF will have full quality M&E systems in place at all levels within a few years.
- The Office is now developing guidelines and indicators to assess project results, especially for environmental success.
- The Evaluation Office and the current M&E Policy will be evaluated as part of OPS4.

Questions and Answers: M&E

Key Points

1. IA quality
2. Consequences of not following recommendations
3. Evaluating documents and reports

Q1: What is the difference of quality now between IAs?

A1: So far the Evaluation Office has not systematically assess IA performance in a way that allows a comparative analysis of Agency performance. The Agency Performance record will be able to provide some information on specific aspects of performance. Also, Agencies are increasingly being called to respond to why things are happening the way they are. Under the RAF, agency involvement is likely to become more competitive.

Q2: Are there any legal consequences if recommendations coming from M&E are not taken?

A2: To date, there have been no such legal consequences partly because there was no systematic assessment of agency performance. The new Management Assessment Record will track whether Council-approved recommendations are followed up on by management. This might provide the basis for Council decisions in this regards.

Q3: Does the Evaluation Office only look at reports and documents for information?

A3: The Office assesses the quality of evaluation reports. As a result, it sometimes downgrades project ratings for outcomes and sustainability. At this first level of verification, the Office can only assess the consistency of the evaluation reports. In addition the office also includes information that has been obtained independently through field visits related to other evaluations. Currently the Office is exploring ways to do field verification of results. One way is by participating in project terminal evaluations. Country portfolio reviews will also provide the Office with first hand information regarding project performance and results. There is also the possibility of the Evaluation Office to carry out its own evaluation of a project if there are particular reasons to do it. The main concern of the Office is to get a better handle of the results of GEF operations and making the system more transparent and accountable.

Consultation Wrap-Up

Mr. Sarhan thanked the participants and noted that GEF is conducting an ongoing dialogue. The main highlights from this sub-regional consultation were an overview of the GEF framework, new directions, the enhanced role of OFPs, the RAF, and capacity

building support. Working Group feedback was very useful in identifying needs for better developing and improving support systems. NGOs also presented their visions. The goal of this meeting was to ensure that projects are country-driven, and that GEF national focal points meet each other, exchange experiences and discuss issues with GEF agencies.
