Draft Notes/July 16: GEF Sub-Regional Consultation East and Southeast Asia
Kuala Lumpur, Malaysia. 13-14 June 2006

Day 1: 13 June 2006

Opening Session

Opening Statement
On behalf of the GEF Secretariat (GEF Sec), GEF Implementing Agencies (IAs) and Executing Agencies (EAs), Ramesh Ramankutty of the GEF Sec welcomed the delegates to the Sub-Regional Consultation for East and Southeast Asia. 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 Malaysia for hosting. He also expressed thanks to UNDP-GEF and the GEF National Dialogue Initiative for the planning and organization of the meeting.

Mr. Ramankutty noted that this sub-regional consultation is the fifth in a series of eight 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.

Mr. Ramankutty 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. For example, the number of GEF Focal Areas (FAs) had increased from four to six.

The newest change is the 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 on how to tap into potential opportunities brought by the RAF.

Mr. Ramankutty 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 effectively implemented changes under the RAF may enable countries to play a more active role in the GEF and to better plan and coordinate at the national and regional levels.

Mr. Ramankutty recognized that many questions and issues may arise with respect to the operational details in implementing the RAF and that there may be insufficient time to address all of these issues during the formal sessions over the two-day consultation. However, participants were assured that the GEF Sec and IA/EA representatives would be available outside of the formal sessions (a sign-up sheet was available for booking discussions) to respond to these questions and provide clarifications.

Finally, Mr. Ramankutty noted that, at a GEF Council meeting that had taken place the week before, Council members had become close to agreeing on a replenishment figure for GEF-4. As some donors expressed a willingness to contribute more funds, the final end figure could be slightly above the GEF-3 figure of USD 3 billion. The Council meeting thus ended on a very good note. The latest Work Program tabled at the meeting was the largest ever in GEF history with 76 proposals. Many GEF Council Members said that there was insufficient time to review all of the proposals. In the end, they agreed on six including the Small Grants Programme (SGP), with the other 70 to be decided on by July 24. The final news brief was the announcement of the new GEF CEO, Ms. Monique Barbut, current Director of UNEP's office in Paris, who takes over July 15.

Delegate Introductions

Delegates introduced themselves. Attendees included GEF operational and political focal points and NGO representatives for countries in East and Southeast Asia, and representatives from the GEF Secretariat and the GEF Implementing and Executing Agencies. *(See Annex I: Final Participant List)*

Agenda Review

Mr. Gold, Global Manager of the National Dialogue Initiative/Country Support Program, clarified the agenda with delegates. Day 1 would be devoted to an introduction to GEF and a detailed discussion on the new RAF system. He acknowledged the varying familiarity and experience with the GEF among the delegates in the room – those Focal Points who were new to GEF processes and those with some years of experience – and explained that the content and structure of 2-day meeting would take these wide-ranging differences into consideration. Day 2 would focus on new capacity building opportunities for countries and getting feedback from the countries on their needs, followed by a discussion of measuring GEF project results and impacts. There would be a significant emphasis and opportunities for discussion and dialogue throughout the Consultation amongst government and NGO participants and representatives from the GEF Secretariat and the Implementing and Executing agencies.

Presentation: "GEF Update"

Robin Broadfield (World Bank-GEF), Max Zieren (UNEP-GEF), Joseph D'Cruz (UNDP-GEF), Tito Santos (IFAD)

The presenters recounted and elaborated on GEF's history, institutional framework, replenishment cycle and new directions; 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 and directions including new funds for Climate Change Adaptation. Mr. Gold added that all of the presentations were included on CD-ROMs distributed with the consultation information packages, and that participants could use and modify them for their own purposes (e.g. at the national level).

Key Points

- The next General Assembly Meeting will take place in Cape Town, South Africa in August 2006.
- GEF Council includes 32 constituencies with member donors and recipients.
- The GEF has spent about USD 9 billion on projects since its inception in 1991. GEF-4 funding (replenishment) for the period 2006-09 is currently under negotiation.
- New directions during GEF-3 included new FAs (land degradation, POPs), enhanced support for GEF FPs, review of the project cycle, new climate change funds and Small Medium Size Projects.
- GEF is <u>the</u> designated 'financial mechanism' for the international conventions of biodiversity, climate change and POPs, and <u>a</u> designated 'financial mechanism' for the convention on desertification.
- Projects proposed to GEF have to address GEF Strategic Priorities for FAs.
- 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.
- GEF has a strategic capacity building approach including the National Capacity for Self Assessment (NCSA) that may result in stand-alone capacity building projects or inclusion of capacity building activities in projects.
- Regarding eligibility requirements, projects should: be 'country-driven' and endorsed by host governments; produce global benefits; include the participation of all affected groups to maximize transparency; and be financially sustainable.
- GEF should not be viewed as a sole financier but rather as a co-financier that plays a catalytic role in co-financing and provides 'incremental funds'.
- Funding categories include Full-size projects, Medium-size projects, Project Development Funds (PDFs), the new 'Development Marketplace', enabling activities, and the 'Small Grants Programme (SGP)'.
- GEF Executing Agencies have expanded opportunities to contribute to GEF project implementation.
- The independent GEF Evaluation Office was recently established.

Questions and Answers: GEF Update

Key Points

1. Climate change Adaptation vs. Mitigation

2. Biodiversity and climate change FA funds
3. Development Marketplace
4. RAF impacts on project cycle
5. RAF impacts on SGP
6. SGP graduation and cross-cutting CB funds
7. Project co-financing and EAs
8. Strategic approach to capacity building
9. POPs convention

Q1: Participants expressed concern about what they perceived to be a lack of funding for Climate Change 'Adaptation' (i.e. managing the impacts of climate change) as compared to 'Mitigation' (i.e. reducing greenhouse gas emissions). In the presentation slide called 'GEF-4 Strategic Priorities Climate Change', only one of the eight bullets addressed Adaptation, with the rest relating to Mitigation. Furthermore, if the current ratio is maintained, then Mitigation will get 95% and Adaptation will only get 5% of climate change funds.

What criteria were used to decide on these proportions and how did 'global environmental benefits' relate to the new GEF climate change funds?

Regarding greenhouse gas emissions, land-use change is a significant source. Will there be funds available under GEF-4 to deal with managing the negative impacts from land-use change?

A1: It is true that the GEF concentrates more on Mitigation and CO2 reduction than on Adaptation in its global climate change efforts, and that there is a 95% and 5% split. Strategic priorities one to six are about mitigation. GEF activities related to climate change fall under three areas: Mitigation, Adaptation and Enabling activities, with most funds allocated to Mitigation. There are four other GEF windows of opportunity dedicated to Adaptation as noted in another presentation slide. These funds are the Strategic Priority for Adaptation (SPA), Least Developed Country Fund (LDCF), Special Climate Change Fund (SCCF) and Adaptation Fund (AF). Only the first of these funds, the SPA, is required to produce global environmental benefits as it is the only one under the GEF Trust Fund. The other three funds can be accessed through other FAs besides climate change. All Mitigation-related projects are also expected to produce global environmental benefits.

The GEF already committed USD 50 million to the SPA. Half of these funds have already been allocated while the rest will be allocated in GEF-4. A decision is yet to be made as to whether GEF will manage the AF.

The question of land-use change is being dealt with under other GEF operational programs. It can still be dealt with under OP12 and OP15.

What GEF does regarding climate change depends on the “marching orders” it receives from the climate change convention. The convention defines GEF’s mandate and OFPs should seriously take this into account when reviewing and endorsing projects.

Q2: Participants asked why biodiversity and climate change represented the largest components of the overall GEF portfolio. It was also noted that funding for biodiversity under GEF-4 would be significantly less than before mainly because of lessons learned and the application of best practices. Could a larger allocation for biodiversity be expected in the future?

A2: It is GEF Council that decides on how total funds are divided among FAs. In the past, biodiversity and climate change traditionally received about one-third of total funds each. In GEF-4, there is also a drive to make sure that biodiversity and climate change continue to account for about two-thirds of total funds, to make sure that the majority of all GEF funds are distributed under the new RAF system. Furthermore, there are ongoing discussions underway about expanding the RAF to include the other FAs which would increase the level of comfort among donors related to those other FAs.

Q3: More clarity was requested about the Development Marketplace (DM).

A3: The DM was initiated by the World Bank (WB) about six years ago to encourage new development initiatives in WB member countries, and to provide opportunities for NGOs and other innovators to test new development approaches. The GEF was impressed with this approach and decided that it would make sense to expand it to projects with global environmental benefits. As a result, the GEF joined the WB in this area. It is held every year with a maximum of USD 200,000 for each project. Funds are raised from a variety of sources including the WB and the GEF. GEF funds are available as long as projects fit GEF standard eligibility requirements.

Q4: The impact of the RAF on the project cycle was questioned. There was also interest in learning what the average time is for each stage of the project cycle from development to approval. One country expressed concern that it was still waiting for project approval after two years while the government had already allocated its own funds to the project.

A4: From the RAF, there is only the minor impact that OFPs now need to endorse project proposals before pipeline entry. It generally takes about two years to get a project from concept to approval. The new GEF Evaluation Office is now in the process of reviewing, with help from the agencies, the overall GEF project cycle including its bottlenecks, to see how improvements can be made. The review is about half-way to completion. This will create a baseline to assess the future impacts of the RAF on the project cycle.

Q5: What impacts will the RAF have on the Small Grants Programme (SGP), for example, in terms of fund size or country eligibility? Furthermore, what are the criteria and eligibility requirements for a country to develop an SGP?

A5: The RAF will have an impact on the SGP. The process is that each FA devotes a certain share of its overall funds to the SGP. These funds are then pooled to make up the overall SGP. The RAF dictates that the biodiversity and climate change FAs can contribute only 5% of their overall funds to the SGP. In effect, to get to the same SGP level as before GEF-4, this would require the FAs other than biodiversity and climate change to be taxed more. In the last Council meeting, it was agreed that all FAs will devote 5% of their funds to the SGP. This means that the guaranteed level is now about USD 110 million for the SGP. At the same time, countries can contribute part of their country allocations to the SGP under GEF-4.

It was originally believed that the SGP would not fall under the RAF. Now that it has, it is possible that only about 60% of the former SGP will be covered with the remaining 40% depending on how much countries allocate to the SGP through their country allocations. The implication is that, if countries do not contribute significant shares of their allocations, then some countries, possibly about 40, might graduate from the SGP, so the implications are in fact quite large.

The Evaluation Office has been asked to evaluate the impacts of the RAF on the SGP and the evaluation report will be developed by August 2007.

There are many criteria to determine a country's eligibility for having an SGP. SGP implementation is reviewed twice a year. Countries typically begin with a USD 250,000 baseline with possible additions in subsequent years.

Q6: Based on the information provided above, participants responded with a request that the issue of possible graduation be discussed further at the consultation. There was also confusion about whether the USD 110 million noted above was to be divided between the SGP and cross-cutting capacity building activities. Furthermore, given that demand was increasing for such cross-cutting activities, how might the decrease in related funds be managed?

A6: GEF responded and clarified that the USD 110 million noted above is the guaranteed figure for the SGP alone. The current guaranteed figure for cross-cutting capacity building activities is USD 30 million, to which countries can also decide to allocate part of their country allocations.

Q7: Could GEF expand on how projects can be co-financed, and the related role of EAs in co-financing?

A7: There are a number of potential sources of co-financing. These include GEF agencies, state and local governments and funding from indigenous communities. In many cases, GEF only provides incremental funding for projects where governments are actually the largest contributors. Interestingly, the CBD decided in its last Conference of Parties to review funds available for CBD-related projects, to be reported at COP-9.

Seven EAs were brought into the GEF process in 1999 and their access to projects has increased in that time. EAs used to work indirectly through IAs but now they can have direct access, although EAs are restricted to certain FAs. For example, the IFAD EA began GEF involvement through the land degradation FA and now has access to basically all FAs. EAs have similar opportunities for being involved in project development and implementation as do IAs. For example, the ADB EA is involved in co-financing opportunities such as the Energy Efficiency Initiative which will be a major source of co-financing for the climate change FA.

Q8: What is GEF's strategic approach to capacity building?

A8: As an example, the biodiversity FA has received about USD 2.2 billion since the GEF started. About 30% of this was for capacity building activities, for example infrastructure investments and training courses. What this implies is that projects themselves, by including significant capacity building components, can be the main vehicles for delivering capacity building, while enabling activities can also help.

Q9: Comments were provided by one participant related to the POPs convention. The participant expressed concern that DDT was not listed on the convention list for phase-out which meant that DDT would continue to be used. He further added that dioxins and furans should be connected to sustainable waste management and that there were many good examples of how this could be operationalized.

A9: The participant was thanked for his comments and assured that they would be taken into further consideration by GEF.

Presentation: "Introduction to the Resource Allocation Framework (RAF)" Ramesh Ramankutty, GEF Secretariat

Mr. Ramankutty began by noting that the context for the presentation was the GEF Council's decision adopting the Resource Allocation Framework (RAF) to allocate resources in the biodiversity and climate change Focal Areas during the 4th replenishment of the GEF (GEF-4). In adopting the RAF, the Council asked GEF Sec to consult with countries regarding its implementation.

Mr. Ramankutty then explained how the current pre-RAF system functioned. Donors first agreed on an overall replenishment figure and on how this was to be allocated between different FAs. In GEF-3, the figure was about USD 3 billion with about one-third allocated to biodiversity, one-third to climate change and the rest to the other FAs. Project proposals prepared by countries with agency support were then approved on a first come-first served basis as long as funds still existed. There were no allocations specific to countries or agencies at this time.

The change to RAF reflects an evolution in international development thinking whereby funds should go to countries that have appropriate policies and institutions in place to ensure funds are properly used. This began with WB IDA's performance-based allocation framework and is now the norm for many other international development banks. At the same time, it was not an easy decision by GEF Council which had many related discussions and differences of opinion on the issue.

The GEF's RAF will begin with the biodiversity and climate change FAs because the RAF needs to be based on indicators and these two FAs had the highest potential for having good indicators. The GEF wants to be more catalytic in the future in influencing trends that increase over time. The RAF basically made past implicit decision-making more explicit and more transparent.

The biggest new change is that there are now allocations for countries based largely on a country's potential to generate global environmental benefits given its policies and institutions. The RAF changes the way GEF resources are managed with an enhanced role for Operational Focal Points (OFPs).

Key Points:

- Main changes resulting from the RAF: countries know upfront how much money they can program; OFPs have an enhanced role in facilitating consultations for national priority-setting; and increased transparency in the 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.
- RAF implementation begins the with effectiveness of GEF-4.
- Allocations to countries and the group for each 4-year replenishment period are based on a formula with adjustments for 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.
- The GBIs for biodiversity and climate change are determined separately based on indicators relevant to global environmental priorities in the respective focal areas.
- The same GPI applies to both focal areas. It is based on the relative success of GEF projects in the country's project portfolio (10%); an assessment of policies and institutions in the environment sector (70%); and an assessment of a broad framework of policies and institutions largely focused on governance (20%). The last two items are borrowed from the World Bank's Country Policy and

Institutional Assessment (CPIA) used for allocating IDA resources (to be made public soon).

- The starting point for the RAF is the FA envelopes for biodiversity and climate change as agreed to in the replenishment agreement. Both envelopes are distributed in a similar manner:
    - 5% for Global and Regional projects
    - 5% for SGP and Cross-cutting capacity building projects
    - 90% to individual countries and the 'Group' (of which at least 75% are to individual countries and the remainder to Groups)
- The Group enables countries with the least allocations to pool their resources for developing larger projects, when it is beneficial to do so.
- Most funding for regional projects will come from country and group allocations.
- 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 the 4 year period.
- Allocations to a country and the group are not entitlements; they are the maximum amounts countries could receive for technically qualified projects.
- Only 50% of the 4-year allocation may be 'utilized' in the first two years. Countries can carry over amounts not utilized in the first two years and utilize these resources in the final two years of GEF-4. 'Utilization' means that funds have been committed. Fund 'disbursement' by a project can happen at any time after that. Unused allocations at the end of the replenishment period revert back to GEF.
- After two years, the formula is re-applied using updated GBI and GPI data to determine new allocations for all countries and groups for the final two years.
- The RAF will be reviewed:
    - independently by the GEF Evaluation Office after two years of implementation (Mid-Term 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"

Ramesh Ramankutty, GEF Secretariat

The presenter highlighted the enhanced role of Operational Focal Points in facilitating a national consultative priority-setting process to manage GEF resources under the RAF, and the information support that the GEF would provide to focal points to carry out their enhanced roles.

Key Points

- In April/May 2006, the GEF CEO sent OFPs guidelines on managing resources under the RAF, a list of concepts currently under various stages of development in each country, and initial indications of country and group allocations based on GEF-3 amounts.
- OFPs are asked to begin a national consultative priority-setting process and communicate decisions to the GEF as project endorsements or re-endorsements. This includes a review of project proposals sent by countries in the last two pipelines under GEF-3.
- GEF will provide final allocation figures for GEF-4 soon, probably by the end of July.
- Many projects currently in the GEF-3 pipeline will hopefully be reviewed and approved, and thus removed, soon.
- Countries that expect project approvals for the December 2006 Work Program of GEF-4 are encouraged to endorse and send an initial list of (re-)endorsements by 15 September 2006.
- Countries are encouraged to endorse a sufficient number of concepts to ensure that their allocations will be utilized. (Based on historical experience, the GEF recommends over-programming levels of 120-130% of the 4-year allocation.)
- Two illustrative examples for countries with individual allocations were used to highlight the types of decisions that countries might encounter during their priority-setting consultations.
- The preliminary allocations of the countries in the group based on GEF-3 amounts compared to the set of concepts under development were summarized for the biodiversity and climate change focal areas.
- The rules related to "utilization" and unused allocations were illustrated to clarify its implications for countries:
    - "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.
- Continued support to countries includes about 12-25 national dialogues, and sub-regional workshops, under the National Dialogue Initiative (NDI), as well as the new Country Support Program (CSP) for FPs.

Question and Answer: Both RAF Presentations

Key Points

1. RAF consultations and results
2. Clarity on GBI and GPI
3. Allocation transfers between FAs
4. Re-endorsing projects for first GEF-4 Work Program
5. Public disclosure of GEF-4 country allocations
6. Allocation decisions, Thailand and East Timor

7. Eligibility for Myanmar
8. Over-programming and PDFs
9. 50% rule and small allocations
10. Switch from Group to Individual Status
11. Country funds for SGP
12. Best practice dissemination
13. ‘Project concepts’ and agency support

Q1: Participants complained that there had been a general lack of consultation between GEF and countries concerning the introduction of the new RAF. RAF issues were complicated and given that communications with countries had been poor, only GEF Council members really seemed to understand how it worked. The RAF guidelines were particularly unclear. A summary of key points was needed.

There was strong hope that the sub-regional consultations, which were seen as very useful, would help in filling in some of the information and communication gaps. It would be good if the reports from the other consultations were made available to all.

A1: Consultations about the RAF were carried out for over three years and the GEF Council was fully involved. It is possible that some Council members did not sufficiently inform their constituents about RAF developments but that is something that the GEF cannot solve.

Regarding the results from the sub-regional consultations, Council agreed last week to post all consultation results on the GEF and National Dialogue Initiative websites and that a report should be produced by December summarizing the results from all of the consultations. Results from the consultation in Pretoria are already posted on the website. In each consultation, a rapporteur is taking notes which are then reviewed by consultation participants before being posted publicly.

Q2: Participants requested additional clarity about the nature of the GBI and GPI indices and how they were derived and weighted.

A2: The biodiversity GBI was derived from a number of sources including the IUCN and WWF. The challenge faced by GEF was to have data and databases that were consistent and comparable for about 140 countries. Biodiversity had never before been prioritized globally by an international organization so there was no perfect solution. Nonetheless, GEF believes it did the best it could given available data. As GEF’s understanding about indices improve, the indices will be modified accordingly. This is the same case for the use of indices by other international organizations including those of the WB. GBI country information will be disclosed publicly by July.

GPI information will be disclosed with certain restraints. While GPI information can be disclosed directly to a country, GPI information can only be disclosed to the public through a link from the GEF website to the WB’s CPIA website. The GPI is weighted

10% from the ‘project portfolio’ (half of which is an assessment of a country’s performance with GEF projects, the other half taken from the WB’s evaluation of the implementation of WB projects); 70% from ‘environment’ (borrowed from the WB’s CPIA set of 16 indicators used to allocate IDA resources, one indicator of which is environmental sustainability); and 20% from the ‘broad framework’ (also borrowed from the CPIA, through its five indicators on governance).

GEF Council decided that it would not do any primary research related to indicators but would rather borrow existing ones from other organizations. Doing so, it therefore had to respect the disclosure policies of other organizations such as that of the WB with respect to CPIA information, some of which will be disclosed publicly soon and linked to the GEF website.

Q3: Can a country transfer part of its GEF-4 allocation from one FA to another FA?

A3: No.

Q4: There was a significant amount of confusion about why and how the re-endorsement of projects was to be done, especially those required by the September 15 2006 deadline for the planned December Work Program. This deadline provided a very short amount of time. In some countries, endorsing a project is a complicated procedure – for example, in Thailand every endorsement needs to go through Cabinet.

It seemed that GEF now requested a list of projects by countries for the September deadline, while until now endorsements had been made on a case-by-case basis. What kind of a list was now needed? Furthermore, did project concepts entered during GEF-3 need to be part of the project list re-endorsed for GEF-4?

A4: On May 16 2006, Council was asked to review 76 project proposals. This was the largest Work Program ever in GEF history. A key reason was that many countries wanted their projects entered in GEF-3 approved before GEF-4 begins. Several Council members complained about the size of the Work Program and the time allowed to review them, especially given the fact that they received the Work Program nine days late. The result was that Council approved six projects, including the SGP installment, and asked that the remaining 70 projects be reviewed through an intercessional Work Program, the timing of which would end July 24. As a result, some of the 70 projects may be submitted for Council review at their August 28 meeting in Cape Town, South Africa. It is expected that some projects will be approved in Cape Town and that this will use up most of the remaining GEF-3 funds. As that will the final intersessional program for GEF-3, any remaining funds will be carried over to GEF-4.

It can be seen that countries currently have lists of project concepts that are in the pipeline that were submitted to GEF for review during GEF-3 but which have not yet received that review. As noted above, some project concepts submitted during GEF-3 may be still approved before GEF-4 begins, and some may not.

Once the replenishment figure for GEF-4 is finalized, GEF requests all OFPs to look at their project concepts alongside their new allocations under the RAF, and then communicate back to GEF which projects they wish to continue to endorse under the new RAF system. Countries may or may not wish to re-endorse projects submitted for review in GEF-3, and countries can endorse a list of projects or endorse them on a project-by-project basis. If countries want some of their project concepts to be entered into the first Work Program under GEF-4, then GEF requests those countries to re-endorse those concepts by September 15.

At the same time, it is not certain that the first GEF-4 Work Program will be in December 2006 but this is currently the most optimistic date. Many steps still need to be taken. At the Council meeting last week, major actions still to be taken include donors agreeing on their final contributions for GEF-4 and total amounts for each FA (although progress on these actions is about 99% ahead already), and a related Resolution to be approved by the WB Board.

The overall process should be seen as a “rolling pipeline”. It is more complicated now because there is a shift to a new system. Later, as GEF-5 approaches, it will be easier as OFPs and the GEF become more familiar with the system.

Q5: Countries noted that the GEF website was now only posting a list of anonymous countries with their indicative allocations under GEF-4. Countries believed that they could learn more from each other if all country figures were made public. When will the final country allocations under the RAF be communicated publicly on the GEF website?

A5: The website list of country indicative allocations will remain anonymous until the allocations are finalized once the GEF-4 replenishment discussions conclude. There is a difference of opinion about when GEF-4 allocation disclosure should happen. GEF was told by Council to consult with countries but not to disclose all country information publicly, which GEF interpreted to mean that GEF could communicate, to countries individually, allocation figures based on GEF-3 amounts. Once allocations are finalized for GEF-4 and the Council is notified, then these will be publicly listed on the GEF website along with country scores on indices.

Q6: Thailand noted it was not happy with the indicative GEF-4 allocation figure that they received and asked if they could appeal to GEF for a change.

A6: There is currently no appeal process on allocation decisions for countries. It was noted, however, that Thailand was in a Country Group before as it had never ratified the CBD and therefore had never had any biodiversity projects approved in the past by GEF. Thailand had recently ratified the CBD, and in having become a Party to the Convention, now had access to GEF funds under the biodiversity FA and had graduated from the Country Group to Individual Country status. For the GEF climate change FA, the process is the same – countries cannot access climate change FA funds unless they have ratified the climate change convention.

East Timor was urged to ratify both conventions to be able to access more GEF funds. East Timor replied that it had ratified both conventions, but that the recent internal political crisis was a barrier to the Ministry of Foreign Affairs officially reporting the ratifications to the convention secretariats. The East Timor delegate would try to take steps to help notify the convention secretariats.

Q7: Myanmar was unclear about its eligibility to access GEF funds.

A7: Currently there appear to be some constraints in the GEF network's working in Myanmar and GEF is assessing how it can work within these constraints. It appears that UNDP has constraints but that perhaps UNEP does not. It is suggested that Myanmar and the IAs discuss more to identify windows of opportunity.

Q8: There was confusion about the degree to which a country should over-program its project requests and whether PDFs should be included in that over-programming.

A8: A PDF for a project concept can only be approved after that project concept has been endorsed by an OFP. Funds that are spent on PDFs are included in a country's allocations, so over-programming should take PDF fund requests into account. The degree to which a country over-programs is a decision made by each country. For the December 2006 Work Program, countries may find it preferable to prioritize those projects that already have approved PDFs.

Q9: A number of participants expressed concern about the '50% rule", especially as it applies to smaller allocations to some countries under the RAF. A hypothetical example was given where a country has a total GEF-4 allocation of USD 2 million. The 50% rule would allow USD 1 million to be utilized in the first two years. Enabling activities or a PDF could use up USD 300,000, leaving USD 700,000 for the project itself. This would not even qualify the project as an MSP. The result is that the project may not get approved in the first round and that the RAF prevents small allocation countries from accessing any funds in the first two years.

A9: Yes this could happen. The 50% rule does bring new constraints. Solutions include phasing a larger project into two sections or waiting until the third year.

Q10: Can a country go from the Group to being an Individual Country, for example if their performance indicators improve after the first two years through re-evaluation, and vice versa?

A10: If the performance scores of a country in the Group improve after the first two years, then yes it can move up to Individual Country status. An Individual Country, however, cannot go from that to Group status after the first two years, although this can happen in the next replenishment (e.g. GEF-5).

Q11: More clarity was requested on how a country can fund its SGP under GEF-4. Can funding be allocated through both the biodiversity and climate change FAs?

A11: A country can allocate funds from either of the two FAs to the SGP. Once a country's desired allocation to the SGP has been agreed on at the national level, then funds will go to the central SGP office in New York and then back to the country after that.

Q12: Countries requested better access to best project practices in the GEF network, to inform the design and endorsement of new project proposals.

A12: The GEF Evaluation Office and GEF agencies are doing project evaluations to reveal and disseminate best practices, especially for biodiversity projects. It has been observed that it is difficult to find all-round perfect projects but easier to find some with good specific aspects. These will be packaged into sets of best practices. The agencies (e.g. UNDP, UNEP) in particular have many lessons learned and best practices related to project preparation and implementation, including experience with KM, so they can assist countries. Lessons learned and best practices that are picked up by the Evaluation Office will be fed back into the overall project preparation process.

Q13: More clarity was requested about how detailed a 'project concept' should be, and how agencies can assist with project concept development.

A13: A project's entry into the pipeline begins at the project concept stage. The concept includes expected global environmental benefits, financing and planned activities. Agencies can assist countries with project concept development, including support for national consultation processes. Under the RAF, the country makes its own choice in choosing an agency for support. At the same time, the project concept should reflect the comparative advantages in having chosen one agency over another. Regarding EAs, there are four regional development banks that have minimal restraints on their primary roles. The three EAs that are UN bodies have some restraints but they can have indirect access to GEF funds through other IAs.

Presentation of Working Group Exercise

Mr. Gold set the stage for the next day's discussions by stressing that the new role of OFPs in implementing the RAF and briefly introduced the additional capacity building support available. The GEF Council had approved the new 'Country Support Program (CSP)' in November 2005, to be implemented by UNDP and UNEP on behalf of the GEF family. Mr. Gold drew attention to and reviewed three documents that participants should examine for the next day's session on CSP which included the 'CSP Toolkit', 'CSP Exercise for Focal Points' and 'GEF resources to build the capacity of the GEF Focal Points as of June 2006'.

Day 2: 14 June 2006

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

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. 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' respectively, are implemented by UNDP.

Mr. Pratt elaborated on Component 1 as including:

- Up to USD 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

Mr. Pratt referred to the document entitled 'Toolkit to Access Financial Resources Under the CSP for Focal Points' which included important information related to Component 1. To obtain direct financial support, Mr. Pratt said that an MoU was first required between UNEP and Focal Points, signed by both the relevant country ministry and UNEP. The Toolkit gives examples of country Work Program activities which need to conform with GEF guidelines for support.

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 needs expressed during this series of sub-regional consultations. Activities will include the development of new guidance and information materials (including lessons learned) 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). Up to nine such workshops per year would allow participation for each Focal Point in at least one workshop every year. National dialogues, separate from the CSP workshops, would continue with about 12 to 15 dialogues per year, the next one being in Vietnam in the Autumn.

Mr. Gold then presented the objectives for the upcoming Working Group sessions which included raising awareness of the enhanced role of FPs, identifying opportunities and bottlenecks to effective GEF project implementation, and identifying areas for capacity building support.

The ‘CSP Exercise’ suggested that Working 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

NGOs were given the option of either forming their own group or joining country groups. The presentation ended on the note that results from the Working Groups would be incorporated into the larger needs assessment.

Questions and Answers: CSP

Key Points

1. Component 1 and General Assembly participation
2. USD 8,000 amount
3. CSP and technical assistance

Q1: Does Component 1 include paying for attendance at the GEF Assembly?

A1: GEF often hears that there are not enough funds for countries to attend important meetings, but at least there are some now. At this time, there are no additional resources available beyond those supporting official delegates going to the General Assembly. Whether the Council Member Support Program should be a project-based expense or considered an administrative expense in the cost of running the GEF is an ongoing question at GEF Council.

Q2: The USD 8000 was questioned as possibly being an insufficient amount, especially for larger countries.

A2: The Working Groups can propose changes to this amount but at this time GEF cannot provide a country with a larger amount regardless of its size. Other options can be considered by GEF Council and GEF Sec if they receive suggestions from countries.

It was noted that Thailand had a creative way of using their overall resources for funding priorities related to GEF. Thailand pooled all of the funds it received through all of its GEF activities into one pot and developed one overall strategy on how the funds can be used by the OFP, thus making planning easier.

Q3: Can CSP funds be used for technical assistance?

A3: Yes, for example through the regional training workshops.

Working Group Feedback

Working Group A: Cambodia, Laos PDR, Mongolia, Vietnam

This Group did not follow the 'CSP Exercise' suggested groupings.

Overall, the Group noted that it had limited capacity and skills and a lack of informational support and access to information. Improvements were needed in the capacity of FPs in accessing GEF available materials.

Lack of organizational support was also considered a problem. Only one of the four countries (Vietnam) in the Group did not have this concern. Vietnam shared with the other three countries its approach in relating to the GEF which was found to be very useful by the other three countries. GEF training sessions would be very helpful in this regard, perhaps following constituency meetings.

Working Group B: Myanmar, Thailand, Malaysia

The Group followed parts of the 'CSP Exercise Template' noted above, and organized their information under the headings in **bold** below:

Priorities and issues

- Each country has different procedures and approaches related to GEF projects (e.g. some countries need to obtain approval for endorsing a project from Cabinet).
- Some projects are not country-driven (e.g. agencies sometimes send consultants to countries with pre-determined project 'shopping lists').
- It is important to remember that a country can reject a project request if it is not in line with its own priorities and plans.
- Countries are actively engaging stakeholders (i.e. all have mechanisms such as meetings and discussions where stakeholders can offer their opinions).
- Some countries are wrongly ineligible for support from UNDP, the World Bank or ADB, and are thus constrained in accessing GEF funds.
- Some countries have concerns if a GEF project is implemented only by NGOs without government partnership.
- The RAF results in limited funding given to countries.
- Regional projects do not benefit countries very much. Clearer guidelines are needed to identify the benefits of regional projects for countries.

Capacity building needs

- A database is needed to track GEF projects. OFPs do not know the status of project proposals or how best to monitor projects being implemented.
- Resources available are limited.
- Some countries have received far more capacity building support than others. More equitable criteria are needed for those countries that receive less (e.g. they should get more in the next round)

Mainstreaming global environmental concerns into national sustainable development strategies

- All countries agree to ensure optimum stakeholder participation.
- Coordinated processes are needed by countries to implement environmental action plans (e.g. NAP, BSAP). For example, Thailand is implementing an integrated approach to its capacity building needs.
- Regarding links between consultative processes, Myanmar and Malaysia do not have such links yet while Thailand has some.
- Countries request better coordination between IAs and EAs in coordinating proposals.
- Project proposals are being circulated by FPs to the respective ministries in each country.

- Budgets for monitoring and evaluation (M&E) by OFPs should be embedded in projects. OFPs should do more M&E.

FP role under the RAF and specific issues with regard to ability to carry out this new role

- Coordination between OFPs and PFPs needs to be improved, to ensure they are aware of each other's actions. PFPs are often not actively involved in designing projects.
- More project monitoring is needed.
- RAF guidelines should include standard templates and harmonized reports for all countries to follow.
- Human capacities, especially those of OFPs, need to be strengthened. Some countries have only one person performing all OFP tasks while in other countries there is an entire unit of people devoted to OFP tasks.

Concrete examples of other knowledge management and/or regional exchange training needs

- There should be more meetings for Constituency 5 countries to identify needs and exchange notes.
- The GEF website should have web pages devoted specifically to constituencies. There are no such pages now.
- More success stories should be identified from the many projects that have already been implemented, and disseminated to the public. Stories could be packaged in video or CD format. The budget for this should come from GEF Sec, not the projects themselves.
- Budgets for publications should include costs for translation into local languages, to be able to achieve successful project implementation.

Working Group C: People's Republic of China, Indonesia, DPR Korea, Philippines, Timor Leste

This Group did not follow the 'CSP Exercise' suggested groupings but rather organized their comments under 'Key issues' and 'Recommendations':

Key issues:

- Focal points require much more support in many areas, especially given their expanded role under the new RAF.
- Some countries noted that they receive no to little GEF capacity building support and that they must use their own resources (e.g. China funds its own GEF office).
- Some of the areas where additional support is required are:
    - Strategy formulation and outreach work
    - Information exchange
    - Maximizing the use of GEF funds
    - Improving public transparency and information systems
    - Maximize private sector participation

    - Ensuring real-time updates on the status of project proposals and allocations
    - Updated GEF project management rules
- A revision is needed of the GEF booklet to make it more comprehensive, including the key issue of translation into local languages (e.g. LDCs work primarily in French and Portuguese) and new information on the RAF.
- There was confusion about the roles of IAs and EAs. Indonesia provided a good practice where a consultation meeting with all IAs at the table set up an institutional system to prioritize and rationalize the identification and timing of projects, and the selection of agencies.
- East Timor expressed its constraints. A national focal point had been hired to manage conventions, but there was a language barrier problem and an advisor was needed to train focal points.
- Regarding the evaluations of GEF country projects, China provided a good case study. With GEF help, there had been a general review where the national audit administration started to audit GEF grants through a performance-based results evaluation. This case study could be shared with other countries as part of broader KM activities.
- Certain countries would not be able to address Component 2's constituency meetings measures. This would apply to single-constituency countries, but then perhaps these countries could use it to strengthen internal coordination.(??)
- There was a lot of discussion about the amount of USD 8000 under Component 1 and related transaction costs. Some countries believed it was too small, and that it would be easier to request 2-year allocations upfront rather than going through an annual effort.
- There was concern about the MoU and Work Plan under Component 1, especially in regards to the 20 activities suggested. It was believed that USD 8000 would not be enough to cover all of the activities. Who should sign the MoU? The timings would be out of their hands if the MOU would be signed with a line Ministry. One suggestion was that the funds could be allocated to a local 'executing agency'.
- Additional clarity was requested about the roles and responsibilities of operational and political focal points and if there would be any changes based on RAF implementation.

Recommendations:

- A central database is needed that would provide an overview of the 'real-time' status of all projects from concept to sign-off. A country could have password-protected access to its own projects.
- KM support could include:
    - Highlighting existing mechanisms that strengthen information (e.g. MEA bulletin by IISD and UNEP)
    - Lessons learned section showing country experiences with consultative processes

Comments, Questions and Answers: CSP

The following comments, questions and answers preceded the Working Group presentations, some related to comments made by the Groups:

Key Points

1. Role of FPs
2. Component 1 Work Plan
3. Accounts for USD 8,000
4. Improving project updates
5. What is an 'NEA'?
6. Debate: national capacity building needs assessments

Q1: What is the role of FPs?

A1: The role of FPs is already documented on the GEF website. It was noted that this official document would be distributed today to all participants.

Q2: Participants requested more clarity about the Work Plan under Component 1.

A2: It was advised that participants consult the 'Toolkit' document. The 29 examples of Work Plan activities in the Toolkit are not prescriptive but only examples. A country can choose to only include one of them in their Work Plan as long as it is in line with GEF guidelines and is based on national consultations.

Q3: Can an OFP direct the USD 8,000 to a designated agency instead of to a new separate account? Setting up a new account is time-consuming.

A3: It is possible for the funds to be directed to an agency. At the same time, the funds do not need to go into a new account. The account must only be official, and this can be one that already exists, for example, with a ministry or local UNDP office.

Q4: How can the updating of projects in the pipeline be improved?

A4: The problem of not having sufficient updates on the status of projects in the pipeline or in implementation is a recurring one between FPs and GEF. This is a huge flaw in GEF's current information delivery system. One suggested solution has been that FPs develop their own national project databases. Some participants, however, thought this would not work given that it would be too labor-intensive, complicated and expensive. Others believed that it was possible – for example, a simple solution is that OFPs could track their own projects using an Excel Worksheet, and even this would be an improvement. The CSP will prepare a guidance document for modest database development.

It was noted that GEF agencies already have this information in their existing information systems and project databases. For example, the World Bank, with a "press of a button", could provide this information, and it is strongly believed that UNDP and UNEP could do the same if requested. The solution is therefore that agencies should send their project information to countries. Countries should in fact insist that agencies do so once or twice annually. There was also concern and confusion about different IAs having three different computer systems, or whether GEF and WB used the same ones and the problem was limited to connectivity with UNDP and UNEP.

For the GEF, a major part of its capacity building efforts is the dissemination and use of timely information for proper decision-making. GEF has sent to countries whatever is available at this time, and this includes what the agencies have at their disposal. So what GEF has and what the agencies have are "in sync". GEF's long-term goal is an upgraded online database. Council approved a budget for this so that OFPs could get just-in-time, online information about project status. Once this is available, periodic hard-copy reports could be made redundant. Participants hoped that benefits from the GEF website to countries would be maximized in the near future.

Q5: What exactly is the "NEA" who signs the MoU for Component 1 noted in the Toolkit?

A5: The NEA refers to the institution that houses the OFP. In most cases, it is the environment department or ministry. An OFP may not be the head of that agency so they many not have the authority to sign the MoU on its behalf.

6. Debate: A comment from one participant sparked a debate on the need for "national capacity building needs documents".

The discussion began with the World Bank noting that one grave weakness of the GEF system was an inability to facilitate global progress at the national level. There are hardly any examples of a country-developed document showing a country's exact needs, such as a national capacity building strategy or action plan. Without such a document, there can be no roadmap for GEF assistance and nothing for agencies to use to see if an idea fits national priorities. This is a big gap in the network's collective efforts. The RAF now pushes that some initiative be taken in this regard and some countries are already starting. For example, Vietnam's Action Plan was a very useful guidebook for anyone interested in providing assistance to Vietnam, and interestingly, GEF assistance to Vietnam increased afterwards. Indonesia is also documenting its national capacity building priorities and what resources are needed. Countries are therefore encouraged to produce summary GEF national action plans, starting with the two FAs under the RAF. Agencies could help in this regard. Bilateral discussions even at this sub-regional consultation have already led to progress in defining country needs.

In Indonesia and India, it was noted by another participant that some excellent processes have already been created where governments, stakeholders and agencies strategize together. Great ideas came from these meetings and countries can learn from them.

Some participants saw this as a good idea, but added that some countries already had national action plans for both FAs under the RAF and that the best solution would be to harmonize these with GEF needs and priorities. This would save countries resources and time in not having to develop new strategies.

Another statement noted that there are variations of the above solution already in place in many countries such as the Philippines, China and Vietnam. The next step is to apply them to all countries, and ideally to develop one coherent process that applies to all countries rather than having each country developing its own.

One response to the above statement by one country delegate was that many countries and stakeholders first look at proposals coming from agencies, and then they decide which ones best fit national priorities. This was considered a "backwards" process and countries should start with their own priorities and strategies to ensure processes are country-driven. Countries should not just be "cherry-picking" among different proposals submitted externally and this process needs to be turned around. On this point, some agreed that OFPs were too reactive to agency proposals. There was hope that, with the new RAF, agencies would inform countries about new concepts from the start. Some agencies were perceived as doing this better than others. For example, UNDP was seen as more effective in ensuring its proposals suitably included national consultations than the WB. It was also considered important that concepts should be discussed with NGOs and the private sector, not just agencies and governments.

The debate ended with the GEF stating that countries should look at all of the projects they currently have in the pipeline. If a country felt that one or more of them does not fit national priorities, then those projects should be dropped and the country could begin with a clean project slate at any time.

Presentation: "Evaluation and Results in the GEF"

Claudio Volonte, GEF Evaluation Office

Mr. Volonte 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 FPs, minimum project requirements including design and evaluation, the GEF portfolio, and the RAF.

Key Points

- The newly created Evaluation Office is independent from GEF Sec and IAs and reports to GEF Council.

- The new GEF M&E Policy will add to the workload of OFPs. Its main purpose is to promote accountability and learning and to increase transparency and results. It will be implemented in GEF-4.
- M&E should be done by all levels of the GEF system (pyramid). At the top of the pyramid, the 3rd Overall Performance Study (OPS) was just completed.
- FPs 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 – first one has been completed for Costa Rica).
- GEF FPs will have increased M&E roles under the RAF so they need increased capacities (e.g. receive mid-term evaluations, incorporate lessons learned into new projects, keep stakeholders informed).
- All projects should include a fully budgeted M&E plan (including baselines) that is operationalized during project implementation.
- There are many M&E tools and approaches. Some good project examples were presented.
- Full-sized projects and MSPs will be evaluated at project end.
- A future M&E system will be presented to Council by December 06. These will include Project Implementation Reports (PIRs) and 'tracking tools'.
- The Evaluation Office Work Program for FY07-10 includes evaluations of Country Reviews, GEF project cycle, APR, SGP, capacity building and the RAF, among others.
- The RAF will be reviewed after two and four years, including RAF impacts on GEF operations. ToRs for the mid-term review are not yet developed and country suggestions are welcome.

Questions and Answers: M&E

Key Points

1. M&E support for countries
2. Terminal evaluations
3. Incremental cost analysis
4. Differing agency reporting formats
5. Mid-term review of RAF
6. NGOs and M&E

Q1: There was a significant amount of interest by countries in getting increased access to funds and support for their enhanced roles in M&E under the new RAF. At the same time, there was confusion as to whether budgeting for this additional support should come from country project budgets, the CSP or the GEF Evaluation Office, for example for terminal evaluations. Furthermore, what assistance was there to tailor GEF M&E to specific national needs?

A1: It was acknowledged that FPs need more targeted training in M&E so they can better assess what new projects to endorse. Countries were encouraged to include budgets for

M&E in their project budgets. The Evaluation Office has no additional funds for capacity building for countries in M&E. However, it is in the process of developing downloadable tools and there may be related international capacity building meetings in the future. GEF Council recently approved a new initiative to bring young professionals from developing countries to work in the Evaluation Office and there is now funding for one such person. The Evaluation Office also does a number of activities at the country level including terminal evaluations, Country Reviews, surveying stakeholders and visiting projects

It was suggested that the Evaluation Office could provide guidance to countries on how they can better evaluate their own country portfolios, given that the M&E pyramid is based on country projects. This would help make the process more country-driven with projects responding better to country needs. The new 'Country Reviews' are a step in the right direction but their development had only just begun and resources were limited.

In response to the above, it was noted that no country had as of yet based their project concepts on a national strategy. It is therefore difficult to base the M&E pyramid on countries if countries do not have a coherent project portfolio based on an overarching strategy. A country needs to have overall goals first, and then a strategy to reach them, and then indicators to be evaluated to ensure that goals are being reached. Even in the Costa Rica 'Country Review' process, there had been no overall country strategy.

Q2: There were a number of questions related to project terminal evaluations. Are MSPs subject to them? What is the current quality of terminal evaluations? It was suggested that GEF should have more control and oversight of the quality of project terminal evaluations, and that they should be more future-oriented and timely.

A2: The current evaluation of the GEF project cycle by the Evaluation Office is assessing whether MSPs need terminal evaluations, a report for which will be completed by year-end.

The Evaluation Office has observed that there have been improvements in the quality of project evaluations, and in the M&E capacities of agencies. For example, the UNDP Evaluation Office now has a full-time person managing the evaluations of GEF-related projects and the GEF Evaluation Office will help prepare guidelines and ToR for this person.

The Evaluation Office aggregates the lessons learned from terminal evaluations to inform future decision-making. All project evaluations have a section on lessons learned, and examples of these can be found on the GEF website. Council recently recommended that terminal evaluations should be publicly disclosed so the GEF is now busy fulfilling this request.

Q3: Is the Evaluation Office looking into incremental cost analysis?

A3: Every project currently needs to have incremental cost analysis. The Evaluation Office was requested by Council in 2005 to evaluate the technical merits of the analysis process but not the incremental cost concept itself. The Office's report will be submitted to Council in December after which Council may further request that the concept itself be assessed.

Q4: There was concern that different agencies use radically different systems and formats for reporting, and that there were major differences in reporting effectiveness between them. For example, the World Bank's reporting format was perceived as poor with no reference to real project progress. This large diversity in systems was seen as a barrier for FPs to properly evaluate project design and implementation. Was the GEF or the Evaluation Office looking into this and would there be any future guidance for improving and harmonizing this?

A4: The Evaluation Office has oversight of the monitoring systems of agencies. It has been observed that the World Bank systems are not ideal and that those of the EBRD were better. The World Bank responded that GEF work represents only 2% of its overall business so it is limited in being able to harmonize its overall reporting structure with those of UNEP and UNDP. There is currently no overall assessment of the reporting formats of different agencies. The Office is supervising the quality of agency evaluations and will report on its findings next year.

It was noted that PIR formats are consistent across all of the agencies, with some possible variations in emphasis across different FAs. For example, biodiversity tracking had its own tools. However, another participant responded that PIRs are not helpful from a project perspective.

Q5: Regarding the Office's evaluation of the RAF after two years, can FPs comment on the ToR? Furthermore, will the evaluation include an assessment of how the process to formulate the RAF was carried out? Participants had concerns about how the new RAF was formulated, for example the performance index. They further wanted assurance that the two-year evaluation of the RAF would ensure proper feedback from countries before other FAs fall under the RAF.

A5: This ToR is not ready yet but will be open for public review. How the RAF came to be may be included in the two-year evaluation.

Q6: More clarification was requested about the role of NGOs in M&E.

A6: The Evaluation Office works with many NGOs. Many NGOs have been contracted to carry out M&E consulting tasks.

Consultation Wrap-Up

Mr. Ramankutty wrapped up the meeting by noting that the first day had been devoted to a discussion about the GEF's status, policies and future arrangements with FPs, followed by discussion about the new RAF. He stated that the new RAF is not perfect and is overlaid with political negotiations, but that GEF wanted to share its approach to implementation with countries and is counting on countries to help make the RAF work. He then noted that Day 2 was devoted to a discussion and country feedback about the new CSP and how it can help countries with their enhanced roles under the RAF.

It was hoped that the consultation helped countries to gain a better understanding about the RAF and how to implement GEF-4. GEF and the agencies had heard country concerns about system complexity, capacities to conduct national consultation processes, and the need for a more reliable information system, and they would try to respond. New skills were also gained.

Mr. Ramankutty concluded his remarks by thanking all FPs, government delegates, NGOs, the Government of Malaysia, colleagues, presenters and the National Dialogue Initiative team.

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