

**GEF SUB-REGIONAL CONSULTATION FOR LATIN AMERICA\***  
**PANAMA CITY, PANAMA**  
**6-7 JULY 2006**

**DAY 1, 6 JULY 2006**

**Morning Session**

**Opening Statement**

On behalf of the GEF Secretariat (GEFSec) and the GEF Implementing Agencies (IAs) and Executing Agencies (EAs), Richard Hosier of the GEFSec welcomed the delegates to the consultation. He remarked that this is the sixth in a series of consultations organized worldwide to provide beneficiary countries with more information and access regarding the governance and decision-making of the GEF. Mr. Hosier expressed sincere gratitude to the government of Panama for its generosity in hosting the meeting, and to the delegates for having made the effort to attend given their myriad obligations and commitments. He appreciated the presence of representatives of non-governmental organizations (NGOs) and civil society whose role is so important in ensuring results on the ground. He emphasized that the GEF could not be the institution it is without the interest and commitment of all present.

Mr. Hosier observed that the GEF is the only financial mechanism established by the international community to support developing countries and countries with economies in transition to address the challenges to development posed by global environmental problems. In providing an overview of the evolution of the GEF since its founding fifteen years ago, Mr. Hosier noted that GEF projects must be country-driven, demonstrate global environmental benefits, be technically and scientifically excellent, as well as financially and environmentally sustainable. Since its inception, the GEF has funded more than 1750 projects in 155 countries with more than \$6 billion and an additional \$20 billion in leveraged co-financing. The GEF has also supported more than 4000 small projects for NGOs and community-based organizations (CBOs).

Mr. Hosier indicated that the consultation has two main objectives: 1) to provide an update on the GEF and 2) to introduce the Resource Allocation Framework (RAF), both the concept and the challenges of its implementation. The RAF is a tool which will be used by the GEF to allocate resources to countries based on their potential to deliver projects with global environmental benefits. In his view, the RAF represents the most important change in the GEF business model since the introduction of the Operational Strategy in 1995. For the first time, GEF participant countries will know in advance the amount of resources they will have available for programming in the two most established GEF focal areas – biodiversity and climate change – and will be able to select on a competitive basis among the various project concepts presented. The new system will give countries more options to reach the desired end point. At the same time, it will put more pressure on the Operational Focal Points (OFPs) to be more involved in

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\* These minutes are based on translations of the proceedings from Spanish unless otherwise noted.

discussions with the array of GEF participants, and to serve as “honest brokers” among different proponents with diverse ideas.

Mr. Hosier recognized that while the GEFSec and IAs/EAs have many ideas about RAF implementation, this cannot take place without the cooperation of the countries. Although the GEFSec and IAs/EAs have identified many challenges and difficulties involving the RAF, these constitute a fraction of what the delegates will encounter in their countries. In the consultation, the GEFSec and IAs/EAs want to respond to questions and hear about problems anticipated by the countries, and together come up with satisfactory solutions. A frank and productive dialogue is necessary in order to implement this new way of doing business. With this objective in mind, Mr. Hosier encouraged delegates, especially the OFPs, to take advantage of the next two days to discuss issues specific to their countries with the GEFSec and IAs/EAs. Lists will be posted outside of the plenary room to help schedule meetings. The GEFSec and IAs/EAs will of course be available after the consultation to respond to any further queries by email or in other opportunities such as the National Dialogues. Mr. Hosier stressed that the GEFSec and IAs/EAs are here at the service of the countries with the aim of finding shared solutions.

Mr. Hosier concluded his remarks with the following three points: First, the negotiations for the fourth replenishment of the GEF have concluded; GEF-4 will begin once all the signatures have been obtained; and only then will the final replenishment figure be publicly announced. For the moment, it can be said that resources available through the GEF will not diminish. Second, the successor to GEF CEO Len Good will be Monique Barbut of France who will take up the post on 1 August 2006. Ms. Barbut was an original member of the GEF Council and has a capacious and ambitious vision for the future of the GEF. Finally, he hoped to see everyone in the Third GEF Assembly which will be held on 29-30 August 2006 in Cape Town, South Africa. Mr. Hosier reiterated his thanks to the host country, Panama, and to the delegates, wishing all two days of friendly and productive deliberations.

### **Host Country Introduction**

On behalf of the National Environmental Authority (ANAM) and the Government of Panama, Ligia Castro, the General Administrator of ANAM and Political Focal Point, welcomed the delegates to Panama. She hoped that the venue would facilitate discussion about the work being accomplished in the countries and how to improve it, as well as the relations between the countries and the GEF and the IAs. In this sense, she underscored the necessity that countries be able to take sovereign decisions about what should be done in the areas of biodiversity and climate change. There should be respect for country decisions regarding the evaluation and selection of good proposals. In this vein, Panama has been conducting a national consultation involving local actors about social and environmental problems.

Ms. Castro emphasized that efforts should not be duplicated, and that project endorsements should follow established procedures. She observed that all too often project concepts entered the pipeline without the government’s knowledge, and sometimes these were the same as projects already under implementation. Given the extent of the country’s needs, the scarce funding that exists for the environment cannot be wasted in this way. In terms of protected

areas, it is imperative that community needs for sustainable development be considered. In terms of climate change, there is an urgent need for more information and public awareness of the problem, as well as economically-sound solutions that would appeal to the private sector, for example. In the particular case of Panama, it is also important to look beyond the city to the countryside and indigenous communities, and to address the issues of poverty and environmental deterioration. Ms. Castro urged the delegates to act on their commitment to improve the quality of life and environment of their communities and countries. For this fluid communications among countries, and between countries and the GEF and IAs, are necessary.

### **Delegate Introductions**

Delegates introduced themselves. Participants included GEF operational and political focal points and NGO representatives from countries in Latin America, and representatives from the GEF Secretariat and the GEF Implementing and Executing Agencies. (See attached participant list.)

### **Presentation: GEF Update**

Helen Negret (UNDP/GEF) and Henry Salazar (IADB)

A number of topics were reviewed including: the origins, institutional framework, and financial history of the GEF; GEF focal areas and project cycle; new focal areas, modalities, and strategic priorities adopted in GEF 3 which will continue in GEF 4, including new funds for adaptation to climate change.

#### **Key Points:**

- The fourth replenishment of more than \$3 billion is to be confirmed at the Third GEF Assembly in August.
- Two new focal areas were incorporated in GEF 3: Land degradation (GEF is a financial mechanism for the United Nations Convention to Combat Desertification) and POPs (GEF is the interim financial mechanism for the Stockholm Convention on Persistent Organic Pollutants).
- The Independent Office of Evaluation was created during GEF 3, responding to OPS 2 recommendations for an independent entity to deal with a growing portfolio and the need to demonstrate impact, and reports directly to the GEF Council. Monitoring of projects remains the responsibility of the GEFSec which reports to the GEF Council.
- A new cofinancing definition was introduced in GEF 3 which permits existing efforts and activities to be considered cofinancing if and when they are essential to achieve the objectives of a GEF project or, in other words, part of the baseline can be considered cofinancing and must be incorporated into the logical framework and monitoring and evaluation (M&E) plan of a project.
- GEF 3 revisions of the project cycle tried to make it shorter, clearer, and more efficient, especially timings for each phase.
- The Small Grants Programme was given the mandate to expand in GEF 3.
- Two new funding modalities were introduced in GEF 3, the Small Medium Sized Projects and the Development Marketplace.

- The definition of strategic priorities for each focal area was a significant change in GEF 3, which allows for a more systematic approach to GEF interventions and their impacts.
- In the biodiversity focal area, the strategic priorities include building capacity for the implementation of the Cartagena Protocol on Biosafety.
- In the climate change focal area, new strategic priorities and funds for adaptation were established in GEF 3 in recognition that countries need support to adapt to existing and future climate change.
- The climate change strategic priority “piloting an operational approach to adaptation” (SPA) is supported by the GEF Trust Fund so projects must apply the incremental cost criteria and demonstrate global benefits. The focus is on the resilience of ecosystems.
- The other three climate change adaptation funds – Least Developed Country Fund (LDCF), Special Climate Change Fund (SCCF), Adaptation Fund (AF) – while managed by the GEF, have non-GEF resources so different eligibility criteria apply. The focus is less on ecosystem resilience and more on development that is resistant to climate change. Projects do not need to demonstrate global benefits since the driving concept is additionality rather than incrementality. The emphasis is on development issues such as food security, public health, water management, administration of coastal areas, and natural disasters.

## **Questions and Answers: GEF Update**

### Key Issues:

- Development Marketplace
- NGO and civil society participation
- SGP
- Fourth replenishment
- 15 September deadline
- Project cycle
- Competition among agencies

### Q1 How will the Development Marketplace work?

A1 The Development Marketplace is a World Bank program that has been very successful since its inception five or six years ago. Its objective is to support the development of appropriate, sustainable, and innovative technologies. The theme changes every year. Last year the theme was the environment. This year the theme is water supply, sanitation, and energy services. Three or four hundred proposals are received, and there are twenty or thirty winners who win awards of \$100,000-200,000. The process culminates in a fair at the World Bank with the participation of the winners and many different agencies.

Q2 The GEF is unknown in countries. Does this mean that the bulk of the population in our countries are unaware of global environmental problems and their severity? Environmental education is an imperative that must be supported by the GEF. NGOs and civil society organizations seem to have been left out of the GEF process.

A2 NGOs can execute large GEF projects with the permission of the government, and are certainly involved in the medium sized projects. The most important access point for NGOs and

CBOs is the SGP which has been in existence for fourteen years. In the region, the SGP is present in all countries except Venezuela and Paraguay. Up to \$1 million in funds are disbursed in the larger countries with mature programs every year, and lesser amounts in the smaller countries. The average grant size is \$20,000 per project, and grants are made exclusively to NGOs and CBOs. The SGP is completely decentralized, and is guided in-country by a National Steering Committee which develops a strategy that responds to GEF and national priorities and also selects projects to be funded. The SGP project cycle is rapid and responsive. Until now, no country has had to finance the SGP. However, the last Council approved a replenishment for the SGP which is insufficient to extend the programme to all the countries that wish to enter, and will probably be insufficient to support the countries that are already in the programme. We have not yet come up with a solution, but there is the possibility that countries may allocate part of their RAF funds to the SGP, and the global programme would match those funds. None of this is official, but we are trying to resolve the financial crisis.

Q3 Clarification is requested about the amount and operationalization of the fourth replenishment. How will we manage to meet the 15 September deadline? There is a need to shorten the project cycle as there have been so many delays in project approval.

A3 Negotiations for the fourth replenishment have concluded, but the exact amount has not yet been determined. On delays in the GEF process, the Independent Office for Evaluation is studying why delays happen and how to make the project cycle more effective and efficient. The 15 September date was chosen to launch the RAF process by asking countries to review pipelines and re-endorse project concepts. It is a flexible deadline in the sense that RAF resources will still be waiting for country action after that date.

Q4 Competition among agencies complicates the GEF process in country.

A4 Some in the GEF Council believe that competition is always good, but others have seen that competition without a framework causes confusion. The role of the agencies needs to be better defined, and a paper has been prepared to this effect for GEF Council consideration.

### **Presentation: Introduction to the Resource Allocation Framework (RAF)**

Richard Hosier (GEFSec)

Upon initiating the powerpoint presentation, Mr. Hosier noted that there were some terms in the Spanish translation about which there was doubt, and asked the gathering for their patience and forbearance. He explained that he would cover both the basic issues involving the RAF as well as some of the more complex ones given that its implementation will be a challenge.

The context for the presentation was the GEF Council's request that countries be consulted about the implementation of the RAF. The RAF allocates resources to countries so that countries know in advance the amount of resources they can count on. The Operational Focal Points (OFPs) facilitate national consultations to help identify national priorities for using those resources. Given the enhanced role of the OFPs in the implementation of the RAF, the Country Support Program is intended to support the OFPs in their expanded functions.

The RAF originated in the recommendations and negotiations of the third GEF replenishment that a system be established to transfer resources to countries on the basis of global environmental priorities and country performance. The RAF was endorsed by the GEF Council in October 2002 and adopted in September 2005. Implementation of the RAF will begin when GEF 4 becomes effective.

#### Key Points:

- RAF allocations are determined based on two measures: the GEF Benefits Index (GBI) and the GEF Performance Index (GPI). In GEF 4, the RAF will only cover the biodiversity and climate change focal areas. However, it is expected that by 2010, the RAF will also apply to the other focal areas.
- The GBI for the biodiversity focal area involves ecoregion and species representation and threats in terrestrial areas and species representation in marine areas.
- The GBI for the climate change focal areas is calculated using the baseline greenhouse gas emissions (in industrial, energy, and transport sectors) adjusted by the factor of carbon intensity.
- The GPI is a combination of three factors: the quality and implementation of the project portfolio, institutions and regulatory frameworks in the environmental sector, and the broad framework of country institutions and policies.
- The RAF resource envelopes for the biodiversity and climate change focal areas in GEF 4 are apportioned in the following manner:
  - ⇒ 5% for global and regional projects
  - ⇒ 5% for SGP and cross-cutting capacity building projects
  - ⇒ 90% to individual countries and group of countries (of which 75% to individual countries and the remainder to group)
- The ceiling for an individual country allocation is 10% of the biodiversity envelope and 15% of the climate change envelope.
- The minimum allocation for a country is \$1 million per focal area, or \$2 million for the four-year period.
- RAF allocations are not entitlements, they are not “blank checks,” but rather constitute the maximum amount available to a country for projects in the focal areas. Projects must continue to comply with GEF operational programs and strategic priorities. GEF will be as rigorous as before.
- Group allocations are the maximum amount of funds available to all the countries in the group for projects in the focal areas. Countries that wish to use group allocations must, as before, prepare rigorous, good projects. Countries cannot exceed the limit established for countries in the group, which is about \$3 million over the four years.
- Under the RAF, the OPF endorsement will mean that the concept not only responds to national priorities and convention commitments, but also falls within the country’s allocation for the focal area. Hence the new emphasis on the importance of the OFP role, national priority-setting, and re-endorsement of concepts.
- The 50% rule means that only 50% of the allocation may be used in the first two years; the remainder is an indicative amount for planning purposes. At the end of the first two years, there will be a re-allocation based on the re-application of the RAF formula using updated

GBI and GPI. However, it is not expected that the reallocated amount will differ significantly from the initial amount.

- OFP endorsements are necessary to use allocations, but utilization is commitment not disbursement.
- The RAF will be reviewed by the GEF Evaluation Office after two years in 2008, and after four years in conjunction with OPS4.

**Ramesh Ramankutty of the GEFSec made some additional comments about the RAF in the global context of the GEF:**

With apologies for not speaking in Spanish, Mr. Ramankutty commented that the RAF reflects an evolution that has been taking place in international development over the last ten to twenty years. All grant-making multilateral institutions have resource allocation frameworks of one sort or another. At those institutions, they are called performance-based allocation frameworks. The International Development Association (IDA) at the World Bank has had such a framework since the late 1970s. Since then such frameworks have been established at the regional development banks, including IADB, and at funds such as IFAD. This reflects a growing concern among donors that application of resources in the absence of supportive policies and institutions does not make effective use of those funds, hence the term “performance-based allocation frameworks.”

If one looks at how these frameworks are structured, besides having a component that reflects some measure of performance, and by performance is meant an assessment of capacities of institutions or the existence of appropriate policies, these frameworks also reflect the mandate of that institution. In economic development institutions, the allocation frameworks include some measure of poverty which reflects that institution’s role. For example, IDA, in addition to a performance measure, uses a country’s per capita income as another index to allocate resources.

It was with this sort of understanding that the donors brought the RAF to the table during the third replenishment of the GEF – that the GEF being an institution that provides grant resources needs to move in step with this evolution in international development. So it was in that context that the RAF was approved by the donors and endorsed by the GEF Council. Discussion in the GEF Council on the RAF began in May 2003. The Council asked that a technical working group (TWG) be formed to analyze how a resource allocation framework might be established for the GEF. Mr. Ramankutty chaired the TWG in 2003; it was composed of many experts nominated by Council members and from other agencies with such frameworks.

The TWG came to the conclusion that the RAF, in addition to a performance measure, should have a measure that reflects the mandate of the GEF. Hence the development of the global benefits index. The TWG decided that there should be a GBI for each focal area, beginning with biodiversity and climate change where there were some existing indicators and because these two areas together account for at least two-thirds of GEF resources. Discussions went on for a further two years after the TWG was disbanded at the end of 2003, in five Council meetings and two special consultations in Paris. Various permutations were suggested to the Council, and in September of last year the Council approved the configuration that Mr. Hosier presented.

Mr. Ramankutty concluded his remarks by pointing out that while the RAF may appear to be full of statistics and indicators, a lot of politics were involved. The RAF rules and structures are the outcome of political negotiations that went on for nearly two and a half years. This should help to answer questions about why the RAF is the way it is. Finally, he emphasized that resource allocation frameworks evolve. The IDA established a framework in the late 1970s which underwent a major transformation a few years ago. Thus, the RAF is under review by the Council and the Council can change it based on the implementation performance. The RAF may be set in stone now, but it can be changed further down the line, especially given that there will be a mid-term review in two years time. Taking this background into account will allow for more productive discussions.

**Questions and Answers were deferred until after the second presentation on the RAF.**

### **Afternoon Session**

**Presentation: Managing Resources under the GEF Resource Allocation Framework (RAF)**  
Richard Hosier (GEFSec)

Mr. Hosier indicated that he would discuss the recent letters from GEF CEO Len Good to the OFPs, and the strategy for maximizing resources under the RAF. GEF resources are managed in the following fashion in the replenishment period: the OFP facilitates national priority-setting, countries endorse project concepts, the GEF approves projects, yielding updated information on pipeline projects and remaining resources, and the cycle continues.

Key Points:

- Letters from GEF CEO Len Good to OFPs in April-May 2006 set out the guidelines for OFPs, and included the list of each country's concepts under development, and an initial indication of the country or group allocation.
- OFPs are encouraged to embark on consultations to arrive at national priorities that will inform project concept endorsement.
- Once the fourth replenishment is finalized, final allocations amounts will be communicated to countries and groups.
- Re-endorsement of concepts signals that national priorities have been determined and that these concepts may use country/group allocations.
- The endorsements are only necessary for projects in the biodiversity and climate change focal areas that fall under the RAF.
- Large projects that GEF council is considering in the intercessional do not need another endorsement.
- Countries that expect to participate in the December GEF Council work program should submit list of concept endorsements by 15 September 15 2006.
- Countries are encouraged to endorse enough concepts to ensure that their allocations will be used. Based on past experience, GEFSec recommends over-programming at 130-150% of the four-year allocations.
- GEFSec will manage programming levels for the group at 150% of the four-year allocation.



- For regional projects, countries should confirm the amount to be used of the country/group allocation. The IA implementing a regional project will work with participating countries to determine the distribution.
- Use of allocations in the replenishment period:
  - ⇒ Countries may commit only 50% of allocations in the first two years.
  - ⇒ Unused allocations at the end of the first two years will be carried over to the final two years of replenishment period.
  - ⇒ At the end of replenishment period, remaining allocations will return to GEF Trust Fund.
- To ensure that the resources are used up during this four-year period, the pipeline of projects must be maintained.
- To help countries meet the challenge of the RAF, there are new and continuing support options for countries: the National Dialogue Initiative (NDI) and the Country Support Program (CSP).

### **Questions and Answers on the RAF:**

Questions were taken as a block with responses from Mr. Ramankutty of the GEFSec and other resource persons.

#### Key Issues:

- Support for countries
- Participation of civil society
- Endorsements and pipelines
- 50% rule and planning
- Expanded role of OFPs
- SGP
- Purpose of consultations
- Convention obligations
- Replenishment
- Regional projects
- Group ceilings
- RAF methodologies
- Adaptation funds

Q1 What are we talking about when you talk about support? Moral support? If so, no thanks. But if it is financial support for the participation of civil society in the consultations then that is something else indeed. We would welcome real support to ensure the participation of civil society.

Q2 It seems in the past the IAs could send a project to the pipeline without the endorsement of the focal point; now it seems that things have changed, so when will a pipeline project become part of the work program? Would a template for an endorsement letter be a good idea?

Q3 About the 50% rule – what happens when the country has one or several projects that reach the limit? Must we present projects just for two years? If so we are prevented from developing integrated projects than can achieve maximum impact.

Q4 Given that 50% of resources will be executed in the first two years, what sort of planning are we talking about for the second two years? It is important to define this in terms of the role that the focal points will play. It seems that the OFP must be a facilitator, a financier, a political negotiator, an endorser... In all GEF docs civil society organizations are to play a fundamental role, that the public be involved in all aspects of GEF projects, and that civil society should participate actively. Why does the SGP not have a vertical presence rather than a horizontal one – it should not have just a percentage of the allocation.

Q5 The CSP will give \$8000 to the countries – how will this work?

Q6 Is the list endorsed projects or a list of prioritized projects? What about regional projects? Is SGP part of the allocation?

Q7 In terms of the consultations, the biodiversity and climate change focal areas deal with national strategies and communications and obligations under the conventions. The consultations should not be for defining national priorities but rather to make sure that projects respond to national plans and strategies that respond to the conventions. In this sense, what is the role of the convention focal points? Since unused resources go back to GEF, what is the future of this investment fund?

Response by Mr. Ramankutty of the GEFSec:

After Council approved the RAF, an inter-agency team was organized to manage the RAF process. In implementing the RAF, the GEF does not have the same simple line of communication as do the IAs with countries. The GEF has ten agencies which work on behalf of the GEF and the countries. The GEFSec does not have the capacity to develop country structures to maintain sustained dialogue.

OFPs have been endorsing projects for years, so once it was agreed that this would continue, all the guidelines center on OFPs being able to facilitate consultative processes. The next step was to identify potential stakeholders. GEF cannot enforce the guidelines; it can only encourage and persuade. It is a country's sovereign decision to organize consultations. The GEF looks for signs of public consultation in the projects, but in a larger strategic sense, it can only encourage, not oblige countries to have public participation.

Given the enhanced role of OFPs, what kinds of support are available? There will be a detailed presentation of the CSP and what tools are available tomorrow. The CSP was approved before the RAF was approved, so you might find some deficiencies. Feedback on CSP design is important. Why privilege the OFP? Someone has to be able to communicate directly to the GEFSec about national priorities. The difference now is that the endorsement is against defined resources, thus the enhanced role and burden.

The suggestion about templates for OFP endorsements is a good one, and will help ensure that the signal the OFP is making to the GEFSec is clear.

The 50% rule is a difficult one, and ways are being sought to work with it. One way would be to wait until the second period, and get the project in the third and fourth years. It would be better to phase projects, for example, a \$4 million project divided into two phases. The GEFSec and IAs can work with countries on managing the 50% rule.

On the transition process and carryover of funds. Carryover can only occur within the replenishment period, that is, from the first two years to the final two years. If funds are leftover afterwards, they cannot be carried over to the next replenishment period.

The SGP over the years has been funded from the different focal areas. Donors make contributions in replenishment to the different focal areas; once this is agreed, they agree on the percentage of these resources that go to SGP, cross-cutting capacity building, and support to LDCs and SIDS. SGP got \$117 million last time around. When the RAF was designed, the Council emphasis was getting as many resources into the biodiversity and climate change focal areas as possible, and 5% of those resource would go to SGP and cross-cutting programs. SGP now has \$110 million. In previous consultations countries indicated a willingness to put additional resources into the SGP. SGP management is in negotiations with countries. The hope is that SGP will have the same amount of support as before, from guaranteed resources and contributions from country allocations.

Q8 Reflections on what has been said. We have started a new period in GEF, which requires adaptation to the new modality. I have heard all the explanations, but we haven't gotten to the bottom of things. National priorities are established by the government through laws, regulations, plans, etc. It surprises me that political focal points (PFPs) have not been mentioned. The roles of the two focal points are completely different. It is not in the focal points' competence to establish national priorities, but to make sure that a project responds to already defined national priorities and plans. IAs have been important motors in the GEF, and have even presented projects without the knowledge of the focal points, but now we see that the process will be different. Len Good's letter talked about national coordination vis-à-vis the RAF. We understand that now before going ahead with any concept, we have to have a consultation. I would like to know more about the role of the IAs. Support to focal points – what is it going to be? Consultation process will require time and resources. Sept. 15 deadline is too quick – we need more time to organize the projects. And all of this will create problems for the focal points. All of this worries us more than the actual allocation because we cannot do anything about that. We need help to the best job we can.

A8 Mr. Ramankutty: In the next few weeks, it is expected that the GEF replenishment will be formally complete with the final amount of donor money around \$3-3.2 billion. Once that is done, the RAF system will be run against the final replenishment figure, and this will yield the GEF 4 allocations for biodiversity and climate change. This will be posted on the gefweb with a link to the World Bank's site on performance. The Council, countries, and OFPs will be informed. Transmissions to the OFPs will include the list of the current pipeline. The OFPs should reconsider the pipeline against national priorities, include other projects possibly, and

then can communicate back to GEFSec about which concepts should be developed into projects. The 15 September deadline is not hard and fast. If the pipeline concepts are to be included in the December Council work program, then the endorsements must be sent by 15 September. Otherwise, the endorsements may be sent in the following months, so this is not a hard deadline.

Q9 We see that the OFPs will have a very important role in the next few months. We have to let as many sectors as possible know about the RAF. The IAs need to help us in this task of explanation and dialogue at the national level. Doubts arise because we need to explain something that is not entirely clear: Replenishment? Current work program? GEF 3 or GEF 4? What are the dates? September date is flexible? Well such flexibility is often difficult in our countries. We have a hard time finding out and informing our people where the projects are, and whether they conform to national priorities. We are a small country and we are in two groups, and we have many interesting projects, so how are we going to determine which to endorse? We need help from the IAs and GEFSec in this dialogue. If all the group countries present the projects to the maximum limit, we want to know if there is enough money to cover all of them. What about the other focal areas? Adaptation? Is the 50% rule for endorsement or approval? There are great expectations in civil society about the SGP – what can we say given the messages we have been receiving? What is the role of the PFP? How are the IAs going to contribute to making all of this work?

Q10 We want to return to our countries with answers. The Central American Commission on Environment and Development (CCAD) wants to know what resources are available. We need explanations about how the RAF was designed and how allocations were determined in order to be able to give feedback. How to evaluate and rank projects? What about strategic projects and the carbon fund? We would like to integrate funds, and need tools to do environmental studies. How do we negotiate and implement regional projects? On SGP, it seems like there are more funds which end up being less funds.

Mr. Ramankutty of the GEFSec responded to the block of questions:

Clarification on replenishment and the current work program: The replenishment almost came a conclusion on a 5 June meeting before the June GEF Council meeting. USA came to the table with a contribution of \$320 million which is a drop from its previous contribution. All the European donors agreed to maintain their contributions in local currencies as in the previous round. This meant that given the fluctuations in euro and dollar rates over the past four years, the replenishment is close to the level of the previous one. Why is the replenishment not finalized? Several European countries, including Germany, are considering pledging more, and wanted to go back to their ministers and confirm their contributions. We could hear the formal announcement tomorrow or in a few weeks.

For the June work program, 76 proposals, representing 84 countries, were submitted to the Council totaling about \$570 million – the largest work program in the history of the GEF. Several Council members said they could not do proper due diligence in the three weeks they had to review such a large number of projects. They agreed to approve six of the projects, including SGP, that had been considered earlier in an intercessional. The 70 remaining projects are under still under review and Council members have until July 24 to inform the GEFSec about

the decision. Under rules of the intercessional, any Council member can request that a project be discussed in the next Council meeting, which will take place just before the GEF Assembly at the end of August in Cape Town. If not, all 70 proposals will be approved.

On endorsements, it is certainly possible to endorse some projects now and others later in GEF 4.

Under RAF, regional projects are a little tricky since only a small amount of resources have been set aside for them. This exclusion is primarily slated for priority global projects like the Millennium Ecosystem Assessment, but could also contribute to certain elements of regional projects. The biodiversity and climate change taskforces are discussing now how to approach regional projects, but the IAs will take the lead in working with countries on regional projects that are in the pipeline and determining levels of financing.

If all the countries in the group reach the ceiling, it is true that there will be insufficient resources, but realistically not all countries will reach the ceiling. To understand current constraints, it is useful to look at GEF operations historically. Although 168 countries are eligible for climate change projects, not all have come with requests in the same replenishment period; only about 60-80 countries submit projects in one replenishment period. The RAF changes that because now allocations must be provided to countries ex ante, but even so not all countries may make requests in a single replenishment period.

About the number of countries in the group, the line between individual and group countries is drawn so that the sum of the allocation of individual countries should amount to 75% of the allocation for the focal area.

On the 50% rule, when discussions began in Council there were different views. One position was that a four-year allocation should be just that, and countries should use the allocation whenever they want in the four years. Another position was that it should be a 25% rule, so that no country would have more than 25% of its allocation approved in a year. Thus the 50% rule is a negotiated arrangement. RAF is made even more complex by the complexities of the project cycle, but the 50% rule can be made to work by phasing projects and other tactics. It is important to recall that the mid-term evaluation will look at all these aspects and determine what is useful and what is not.

On the level of resources under the CSP for each OFP, the amount was agreed by Council when the CSP proposal was approved, and this happened before the RAF was approved. When the CSP goes in for replenishment, the enhanced role of the OFP under the RAF will be taken into consideration, and this will be a strong argument for rethinking the level of support for OFPs.

About the adaptation funds, the SPA, in the climate change focal area the major emphasis is on mitigation. In the RAF design, the GBI for climate change is based on an indication that reflects efforts towards mitigation, essentially the emissions levels of countries with some adjustments for improvements in energy efficiency. However, the GEF in response to guidance from the COP and after much discussion in the Council, it was agreed that the GEF would support adaptation on a pilot basis – the Strategic Priority on Adaptation – with the commitment to fund \$50 million over three years out of the GEF trust fund. There are other funds outside of the GEF

trust fund – LDCF, SCCF, AF – through which the GEF supports adaptation activities. Those funds do not come under the RAF; the RAF only applies to the GEF trust fund. It has been agreed that the remaining \$25 million in the SPA for GEF 4 will be funded out of the 5% exclusion in the RAF which was set aside for global and regional projects.

Can the methodologies, data, and indicators employed in designing the RAF be revealed? The performance indicators were borrowed from the World Bank's Country Policy and Institutional Assessment (CPIA) since the GEF is in no position to evaluate the performance of 168 countries. The World Bank uses the CPIA to allocate resources under IDA. In borrowing these indicators, the GEF agreed not to directly reveal them, but the World Bank will reveal the indicators for the IDA countries shortly so there will be a link to this from gefweb; the indicators will not be available for the non-IDA or middle income countries. The GEFSec will reveal the data behind the GBI for all countries. For climate change, the data was borrowed from the World Resources Institute, and a link can be provided. For biodiversity the situation is more complex. This is the first time that any institution has attempted to prioritize biodiversity endowments globally, and this was done in collaboration with the World Bank's development economics group and a number of other research institutes and NGOs. It is map-based data, and is accessible to any country on an individual basis, but would be difficult to do collectively. Some of the colleagues who worked on the biodiversity index have started exercises with a few countries to use the map-based information to identify important biodiversity areas and set country priorities. Any country that wishes can request access to this data.

Mr Hosier of the GEFSec:

Carbon fund integration is a complicated issue. Is it possible to combine GEF resources with those from carbon finance? In the GEF there has always been a firewall between GEF funds and projects and carbon fund projects that are linked to the Kyoto Protocol Clean Development Mechanism (CDM). There is a simple reason for this: There are countries that contribute to the GEF but are not parties to the Kyoto Protocol and these countries do not want the mixture. These countries do not want their GEF funds to go to CDM projects to subsidize carbon credits for other countries. The GEFSec has proposed a policy to separate carbon finance and the CDM from GEF projects.

GEF funds may be used in three ways:

- ⇒ To remove barriers to investment in carbon finance and demonstrate the feasibility of this investment. GEF demonstration projects can be replicated using carbon finance, but GEF funds should not be used to certify carbon finance.
- ⇒ To remove barriers to carbon finance investments, as a guarantee for projects that could qualify for carbon finance.
- ⇒ To support the incremental cost of components of projects in focal areas other than climate change that can earn carbon credits, for example, biodiversity or sustainable land use projects involving biocarbon or carbon sequestration in forests. These projects can take advantage of carbon credits, but the transaction and certification costs cannot be funded by GEF.

Jocelyne Albert of the World Bank noted that the World Bank has funds for strategic country and environmental studies, and can provide further information on these resources.

Walter Vergara of the World Bank further elaborated that the World Bank has various tools related to carbon sinks. There is the BioCarbon Fund which follows Kyoto Protocol rules. Another non-Kyoto window supports avoiding deforestation by funding projects that protect established areas threatened with deforestation. A new tool associated with the Italian Carbon Fund funds reforestation under Kyoto Protocol rules. So there are many possibilities for working with GEF resources and carbon funds while maintaining the necessary separation. The Bank has \$1.3 billion Euros for buying emission reductions, and part of this will be associated with carbon sinks. Mr. Vergara also urged countries to take advantage of the adaptation funds given the degree of vulnerability of ecosystems in the region, and offered to discuss some of the Bank's experiences in this regard.

Q11 What are the magnitude of resources in the adaptation fund?

A11 Mr. Hosier explained that the adaptation fund is based on a 2% tax on the proceeds of the CDM certified emission reductions (CER). It is hard to calculate how much money will accumulate in the fund, but the UNFCCC Secretariat estimates between \$100 - \$800 million, and a conservative estimate would be about \$300 million for adaptation between 2008 – 2012. The parties are still negotiating who should manage this fund, although previously they asked the GEF to do this.

Q12 How can the IAs help leverage funds, especially in terms of credits from the World Bank and IADB, for mixed fund projects? These credits take a long time to negotiate, so how can this be managed given GEF timings? There is a significant lack of information about the RAF in-country among IAs – the GEF should have a fluid flow of information with the IAs.

Q13 In terms of the pipeline of projects, will we be eliminating projects that are associated with a credit, especially when these credits are not associated with national strategies or plans or even GEF criteria? Now that the resources are so limited, perhaps we can be more strict.

Mr. Ramankutty:

On whether a project tied to a World Bank credit means that the process slows down, the GEFSec has found that delays are across agencies, so is not in a position to respond to specifically Bank credit delays. In some time, there may be more information from the GEF Evaluation Office, and it may be possible to say if delays are associated with credits.

It is important to know about IA colleagues in-country without the necessary RAF information, but it should be recognized that RAF operationalization and guidelines have only become effective and shared in the past several weeks. Face-to-face meetings such as these are much more effective than electronic communications. Hopefully, the colleagues across the ten IAs and EAs will be much more conversant with the RAF very soon.

## **DAY 1, 6 JULY 2006**

### **Morning Session**

#### **Presentation: Country Support Program (CSP) for Focal Points**

Seemin Qayum (CSP) and Gabriel Labatte (UNEP/GEF)

The briefing on the CSP covered the development of the program, its objectives, components, implementation, and budget. Ms. Qayum indicated that the CSP was developed principally in response to needs expressed by the focal points, as well as the recommendations of OPS 3, the third GEF replenishment, and the evaluation of the Focal Point Support Programme. The CSP is meant to complement the National Dialogue Initiative, and was approved by the GEF Council in November 2005. It is a four-year program (2006-2009), jointly implemented by UNDP and UNEP, and guided by an inter-agency advisory committee composed of the GEFSec and the IAs.

The CSP has three components:

1. Direct support to focal points (implemented by UNEP)
2. Regional exchange and training workshops (implemented by UNDP)
3. Knowledge management framework (implemented by UNDP)

Of the total project budget of \$12 million, the majority of funds – about \$6.8 million – are for Component 1, direct support to countries. The CSP commenced implementation in March 2006 with these sub-regional consultations. According to the project document, Components 2 and 3 – the regional exchange and training workshops and knowledge management – will begin implementation in 2007.

Ms. Qayum noted that the main objective of the CSP is to strengthen the capacity of the GEF focal points to effectively carry out their mandates for supporting GEF programs in their countries and constituencies, emphasizing the overall national and constituency coordination of GEF matters. While the CSP can certainly assist focal points in implementing the RAF, it was not conceived in terms of the RAF but rather as general support for countries. Ms. Qayum mentioned that many focal points have requested information about GEF coordination mechanisms in different countries. As a response to this request, a study of GEF national coordination in five countries was conducted last year. The report, “GEF National Coordination – Lessons Learned,” is available in six languages and is on the CD which was distributed. A “Handbook for Focal Points” will be finalized and made available in multiple languages in the coming weeks.

Mr. Labatte elaborated on Component 1 which covers the following:

- Up to \$8,000/year in direct support to countries and focal points for four years.
- Funds for travel to two constituency meetings per year per constituency.
- Funds for participation of new focal points in GEF familiarization seminars.

Mr. Labatte commented that there is a guide to Component 1 resources, “Toolkit to Access Financial Resources under the Country Support Program for Focal Points,” which was distributed and is also available on the web. He noted that some of the countries present had



already begun activities, and that Component 1 funds may be used, for example, for consultations to prioritize projects for endorsement, to print and distribute informational material, but cannot be used for salaries or to buy equipment. To access funds, a Memorandum of Understanding (MoU) must be signed between the OFP and UNEP. UNEP sent letters to all the countries in the region about a month ago with a format to be reviewed and signed, but the majority have not yet responded. An indicative annual workplan should be submitted by the OFP to the GEFSec for approval, and there are also financial and progress reporting requirements. UNEP is committed to providing these funds in an expeditious manner, and believes that while funds are limited, if well used they will yield returns.

Ms. Qayum remarked that Components 2 and 3 will be developed according to the needs expressed by the focal points in these sub-regional consultations, as well as through other national strategies and ongoing processes such as the National Capacity Self-Assessment (NSCA). Under Component 2 a web-based “Knowledge Management Framework” will be constructed which, while based on existing knowledge management frameworks, will include interactive means for information exchange and new guidance and information materials, such as lessons learned, to be used at the national and constituency levels.

Component 3 supports targeted capacity-building workshops for focal points through up to nine regional exchanges and trainings per year. The materials, methodologies, and tools that will be used in the workshops are yet to be developed so participants have the opportunity to influence their design.

Ms. Qayum concluded by indicating that a summary of resources available to focal points is contained in the one-page handout “GEF resources available to build the capacity of the GEF Focal Points.”

### **Questions and Answers on the CSP:**

Key Issues:

- MoUs
- Project cycle
- Direct support to countries and IAs
- Guidebook for OFPs

Q1 Is there a format or draft for the MoU since we haven't received it.

A1 Mr. Labatte: Yes, there is a simple, standard format, and I will check with each one of you about where this should be sent. We did send it out to everyone, but I see that many of you have not received it.

Q2 It would be very useful for the focal points to have a detailed description of the project cycle which specifies the role and responsibilities of the focal point in each phase.

A2 Ms. Qayum: There are guidelines for focal points and on the project cycle, but these will have to be revised given that we are now in a new situation. CSP will compile all the

suggestions and recommendations that emerge in the sub-regional workshops and use them to inform the development of tools and materials for the knowledge management framework and capacity-building workshops.

Mr. Labatte: The focal points have the formal responsibility for the endorsement of concepts and projects, and there are others that are not written in the guidelines such as prioritization of the pipeline based on national priorities, facilitating processes, moving from the culture of project submission and approval to a culture of implementation and monitoring impact. There are some very good examples of focal points taking on new roles and responsibilities in the region.

Mr. Ramankutty: A GEF guidebook for OFPs will be prepared that will go beyond the short, existing materials and will explain the GEF project cycle, the RAF and the project cycle, and the roles and responsibilities of the OFPs throughout the project cycle, including in monitoring and evaluation.

Ricardo Sanchez (UNEP/GEF): The GEF is the most important financial mechanism that we have. In this consultation, the GEFSec and the agencies have given us the most up-to-date information available on the new phase that we are beginning. This information is on the CD, and will be available in an improved and organized form in the CSP materials. Whether we like the RAF or not, it makes the GEF more predictable because we know what the minimum and maximum resources are and the time we have to execute them. So it is very important to undertake the review towards the 15 September deadline as soon as possible. We have to work in a different way, especially in terms of negotiating cofinancing more rapidly. We also have to do better mainstreaming of GEF projects into national strategies, not just the environmental ones but also poverty reduction. The focal point now has the increased responsibility of forging alliances among various sectors. Implementation has to be rapid so that impact can be shown in the mid-term evaluation in two years' time. UNEP is completely changing the way of operationalizing the GEF by putting it closer to the countries, and working together in function of the interests that the countries determine.

Q3 In this important moment of transition, we need to understand whether we are working with the previous system with UNDP because we cannot start working with UNEP until the MoU is signed. Are we using the \$8000 from before for the activities that we have to undertake towards the 15 September deadline? We haven't talked about the previous system, but we need to know when one system begins and another begins, since there is such urgency in meeting the deadline. It is critical that the MoU be distributed again, that we know when we have to sign it, and what are its implications. As new focal points, we would like more information on the seminars – where are they held? Washington? We also need a national dialogue to explain the GEF to stakeholders. We need more clarifications on the project cycle and the role of the OFPs so that we can explain this to the other ministries. The PFP has been silenced, ignored, or absent from these discussions. We want more clarity on the role of the PFP. We are anxiously awaiting the guidebook that Ramesh mentioned. Finally, do the costs of participation in constituency meetings fall under the \$8000 for direct support or is this separate?

A3 We are already under the new system, and the direct support funds will be processed and disbursed by UNEP, even if the MoUs are not yet signed. The funds covering participation in constituency meetings are separate from the \$8000.

The project cycle is complicated and a challenge. The GEFSec has realized that information about the status of projects is essential, and is preparing a system that will provide better information on the project cycle in a more open and accessible manner. The estimated completion date for this information management system is June 2007.

Q4 We were pleased to hear that all of us have the opportunity of influencing the design of the CSP, and hope that this is not merely rhetorical. Just as the focal points have demanded a definition of their role, what is the role of civil society?

A4 GEF policy is that all proposals should be discussed and consulted with civil society, but it depends on the government how this is done. The GEF can only open the doors and provide information, including review sheets, but it cannot oblige the government to undertake any particular course of action.

Q5 We still have many doubts, and since the GEFSec has offered to provide clarifications, we ask for the names of the persons who we should contact. It was fundamental what the Mr. Sanchez of UNEP declared, that UNEP is changing in order to become closer to the countries, and we would call on the other IAs and EAs to do the same, to change their vision, and ensure that they have all the tools and information necessary to work with the countries in this new phase. In this sense, the direct support to countries must be determined by the countries themselves without interference from UNEP and UNDP – this is a formal request made in plenary.

A5 The agencies must follow country priorities; we only ask that the activities to be supported are eligible. We will not be micro-managing this component.

Q6 Not only do we need clarification of the role and attributions of the OFPs, but also of those of the IAs in relation to the OFPs. The functions of the OFPs and the IAs as well as the procedures for accessing CSP support are mentioned in the existing materials, but more detail and clarification are required in writing, and in very good Spanish.

A6 It is understood that there are still many doubts, and everyone should feel free to ask as many questions as necessary, in person now and later by email. The addresses of the GEFSec and IA resource persons are included in the participant list.

## **Working Groups on the CSP: Identification of Focal Point Needs and Priorities**

### **Introduction**

Ramesh Ramankutty (GEFSec)

A list has been distributed which divides the participants into four groups, three of countries and one of NGO representatives. Colleagues from the GEFSec, IAs, and EAs will serve as resource persons to help work through the exercise. The exercise was designed in response to feedback from focal points about their difficulties in conceiving how to organize themselves and engage with the changing policy framework in the GEF. The overall objective of the exercise is to understand the current capacity of the focal points and what is needed to address the new challenges, the ones discussed yesterday. The exercise will help to analyze the enhanced role of the focal points under the RAF. The first step is to identify bottlenecks and hurdles in the current situation, then to identify areas for capacity-building through knowledge management framework and regional workshops and training.

Other topics that may be discussed in the working groups include: options to facilitate decisions on use of GEF resources in biodiversity and climate change focal areas; experiences of national GEF coordination; and opportunities to mainstream GEF portfolio into national strategies and plans.

In the packet which was distributed, “CSP Exercise for Focal Points,” there is “Annex A” which contains a table with possible functions of the GEF focal points. This can be used as a reference for the current and expected scope of work. The annex also includes a set of questions to stimulate thinking. Having assessed capacity building needs and challenges, the next step would be to consider the core issues in outlining a four-year work plan in the context of the CSP, and how the gaps could be filled. A recommendation would be that each group could select one of the following to discuss in detail:

- ⇒ Coordinating and facilitating GEF activities and resources.
- ⇒ Building institutional memory within national executing agency/government ministries.
- ⇒ Mainstreaming global environmental concerns into national sustainable development strategies.
- ⇒ Collating knowledge and training needs of GEF project proponents and other key stakeholders.

The working groups could come up with concrete examples of activities that can be undertaken under the CSP as the program is always looking for feedback.

Each group should select a chairperson and a rapporteur who will make the report to plenary. There will be a laptop with a template in each room that can be used as a guide for the report to plenary.

## **Afternoon Session**

### **Presentations of Working Groups in Plenary**

#### **NGO Working Group**

(Mexico, Ecuador, Argentina, Colombia, Brasil, Venezuela, Costa Rica, Peru, El Salvador and Paraguay)

The NGO group expressed its appreciation for having been invited to the consultation and for the opportunity to meet together as civil society organizations in order to discuss and present their concerns.

#### Initial Points of Discussion:

- How can NGOs participate in the project cycle?
- How can NGOs participate in this transition?
- Are the principles of Rio 1992, Millennium Declaration 2000, Johannesburg 2002 being taken into account, especially in terms of civil society participation?
- Governments should guarantee civil society participation.

#### The Role of NGOs Should be Clarified:

- NGOs should be formally recognized in GEF processes.
- NGOs develop project initiatives.
- NGOs execute projects at the local level and work towards sustainability.
- NGOs should be well informed.

#### Recommendations:

- The Focal Point should fulfill responsibilities with the help of civil society.
- The country's GEF agenda should be public so that there is transparency and continuity (without depending on the IAs).
- The roles of the political and operational focal points should be clarified. This is the function of the government, but the GEF should make recommendations in this regard.
- The National Dialogues should be spaces for civil society participation, and include recognized and involved actors.
- Capacity-building for NGOs on how to work with IAs and their policies, the project cycle (intervene in project design) and evaluation.
- GEF guidance materials should require governments to conduct public consultations.
- Establish links between GEF and convention focal points which are reflected in the role of civil society.
- Resources to support the strategic objective of civil society participation, including a specific program for NGOs in the National Dialogues and CSP.
- One staff in the GEFSec to work with NGOs as a facilitator.
- In terms of the SGP, NGOs should participate in the definition of priorities and the selection and evaluation of projects.
- The GEF should take on environmental education and citizen mobilization.
- NGOs should have at least one regional meeting.
- Civil society should have access to project information.
- The IAs should make their policies and procedures available.

#### Working Group C: Ecuador, Mexico and Brazil

The group discussed the functions of the focal points historically, and how to work with the IAs. Project evaluation mechanisms were considered in terms of national policies, strategies, and plans, their reach, who participated in their development, and the questions of convention focal point and civil society participation. In addition the group noted the changing roles of NGOs, the

academy, the private sector and chambers of commerce, regional environmental and sustainable development councils.

In terms of GEF operations in-country, all three countries have a national GEF strategy. Under the RAF, the focal point will have to ensure the consistency, congruency, and relevance of projects in terms of national priorities. We will have to be more strict and rigorous when we evaluate projects. We will no longer have surprises, for example, projects in the pipeline that we did not know about – this is a benefit of the RAF so it is not all bad. Nevertheless, none of the roles of the various actors are clear.

Further clarification is needed regarding the GEFSec's recommendation that there be organized civil society participation in GEF projects. Participation in broad-based consultations is one thing, but participation in the evaluation of projects is very different. Evaluation of projects should be limited to the GEF and convention focal points and academic specialists. Participation is good, but we have to be careful. We cannot leave it up to each country to decide what it wants to do in this regard; we need further guidance so that there is some uniformity or comparability across countries.

The group made the following recommendations:

- GEF project cycle: clarify roles and involvement of diverse actors.
- Dissemination of project cycle mechanisms and procedures in-country so that all project proponents have this information.
- Institutionalization of capacity, not just of the focal point but of the focal point's institution so that there is institutional memory.
- Standard procedures to monitor GEF projects, as there is not always continuous monitoring of projects.
- Improve processes of project evaluation, although recognize that that the GEF Evaluation Office is working on this.

#### Working Group B: Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama

This group focused on the roles and responsibilities of the OFP in different moments of the project cycle.

Identify the OFP profile:

- Know national strategies in GEF focal areas.
- Be facilitator, coordinator, negotiator, manager.
- Have political support.
- Know multilateral conventions.

Functions of the OFP:

- Coordinate with IAs, state institutions, and multilaterals, for example, CCAD in Central America.
- Prioritize concepts according to country decisions.
- Link processes of review and priority-setting.
- Endorse projects and have the capacity to decide which IA should develop a project.
- Maintain database of projects, endorsements, and approvals.

- Maintain institutional memory, especially given constant turnover in Ministries, etc.

Principal challenges:

- Harmonize and align the IAs with country priorities, need political support for this.
- Define prioritization criteria to avoid problems and resentments.
- Quantification (impact evaluation) of project results (GEF 4).
- Generate institutional memory.
- Regional coordination of GEF focal points.
- Overcome changes in focal points due to changes in government, problem of continuity leading to loss of effectiveness.

What is needed to meet the challenges:

- Institutional memory: a uniform and accessible information system
- Annual report templates: standard annual reports that can be compared across countries
- Dissemination strategy between countries, including civil society, with websites and accessible language.
- Capacity-building package.

#### Working Group A: Argentina, Chile, Paraguay, Peru, Uruguay

The group discussed the OFP role and the CSP proposal, and recommended that the CSP should have only two components:

- Direct support to national focal points.
- Support to GEF regional constituencies.

Resources for both components should be managed and used by the focal point according to a plan submitted by the focal point. The budget would be \$70,500/country for the period 2006-2010.

Considerations underlying Component 1 included the fact that the focal point is one person working alone in an office with multiple responsibilities, and that the OFP role is changing with the transition to GEF 4. OFP workplans must take into account the following fundamental functions:

- Promote and disseminate GEF.
- Evaluate, prioritize, and endorse projects.
- Accompany approval process.
- Participate in process of evaluation of project impact and RAF in-country.

It was considered to be imperative that the IAs discuss projects with the focal points before promoting them with the proponents. The participation of the focal point in M&E of projects should be done with project resources, since otherwise the OFP cannot participate in M&E for lack of resources.

Component 2 would cover the following:

- Support improved coordination of regional constituencies.
- Organization and attendance of constituency meetings.
- Include a link in gefweb to regional constituencies.

Comments after this working group presentation focused on the issue of whether and how the OFP should participate in M&E. Some felt that the OFP should accompany M&E but that the responsibility for M&E should remain with the IAs. Others felt strongly that the duplication of functions should be avoided: M&E is the IAs responsibility and there are no resources for focal point participation in M&E. Another view was that if the issue is evaluation of impact, then an ex-post evaluation would be in order. However, impact is hard to deal with, and should be left to the GEF Evaluation Office. It would be better to focus on the evaluation of the impact of the RAF.

Q1 When will the CSP be changed so that it reflects Working Group A's proposal?

A1 All of the views from the regional consultations will have to be reviewed and analyzed by the CSP steering committee and then any decisions and changes will be shared with all. The meeting of the steering committee will be held after the GEF Assembly in Cape Town. The Council is interested in hearing about the feedback from the consultations, and the draft minutes will be shared with all of you and posted on the gefweb. The Council also wants a progress report on the implementation of the RAF, and especially on the expected and enhanced role of the OFP. Even if we have to tinker with the CSP, this should not be an obstacle to starting the consultative process and getting the pipeline ready.

### **Presentation: Evaluation and Results in the GEF**

Aaron Zazueta (GEF Evaluation Office)

Mr. Zazueta noted that there have been many questions and comments about evaluation in the consultation, and a good deal of shared feeling across countries. The Evaluation Office is here hear to listen and respond. There are two critical themes or paradoxes in GEF – transparency and demonstration of results – both of which are important for donors and recipients alike. These themes are at the core of M&E. M&E in reality involves accountability – transparency and demonstration of results – and learning. In the GEF, responsibility for M&E is shared by the various actors in participant countries, the GEFSec, IAs, and Evaluation Office, and the OPS. However, given the complexity of the GEF's international structure, M&E processes are also complicated.

As far as focal point participation in M&E, now that the Evaluation Office is beginning to evaluate country portfolios, the OFP plays a critical role. OFPs review the terms of reference for country reviews and the role of the OFP as connector between different sectors and actors is increasingly be important.

#### **Key Points:**

- The new GEF Evaluation Office is independent from the GEFSec and IAs and reports directly to the GEF Council.
- The purpose of M&E in the GEF is to promote accountability and learning, and thereby to improve project and program effectiveness and results.
- Responsibility for M&E occurs at every level of the GEF system, from in-country stakeholders to the GEF Council.



- In FY 2004, the Evaluation Office’s Annual Performance Review (APR) found that the quality of about a third of project Terminal Evaluations was unsatisfactory. In FY 2005, the quality improved significantly, in part because IAs responded to earlier recommendations.
- All GEF projects should have a fully budgeted M&E plan (including baseline and SMART indicators) that is operationalized during project implementation, and evaluated at the end of implementation.
- A future M&E system will be presented to Council by December 2006, including good practices and tools such as the Project Implementation Reports (PIRs) and portfolio and focal area performance indicators tracking system.
- The “Management Assessment Record” tracks how effectively Council recommendations are implemented by GEFSec.
- The “Agency Performance Assessment” is a new instrument that tracks the performance of the agencies.
- The RAF will be reviewed after two years by the Evaluation Office in conjunction with the GEFSec and IAs/EAs.
- The RAF will undergo an independent evaluation after four years in tandem with OPS 4.

## **Questions and Answers on Evaluation**

Key Issues:

- M&E plans
- Focal point participation
- Civil society participation
- National capacity

Q1 Is there a template for the M&E plan that each project must have? Every project has a logframe with indicators so how do these fit in? How will focal point participation in M&E be supported? Who will fund this? You said that everything will be evaluated, but we as countries have never been able to evaluate the agencies.

A1 In this presentation, we referred to the minimum requirements for project-level M&E. Gefweb has examples of good project M&E plans as well as an evaluation of evaluation reports. On the triplication of the focal point burden, given that GEF is one of up to twenty focal point responsibilities, it is clear that they need financial support, but we don’t know how the Council will respond. On the evaluation of IAs, the OPS does many country site visits and includes IA performance. Another opportunity to assess the IAs will be in the RAF reviews.

Q2 How can we make tangible the participation of civil society in M&E processes?

A2 Possibilities for civil society participation include the country portfolio reviews, and the launching and closing workshops of projects. The Evaluation Office is also committed to using national resources, and this could mean an NGO, for in-country evaluations.

Q3 As focal points we should support the development of national capacity to do M&E. We need to consolidate information about in-country resources such as a database of consultants.

How much should be budgeted in a project for M&E? Now we will need to incorporate funds to support focal point participation.

A3 It is very difficult to say how much the M&E budget should be because every project is different. In terms of support for focal point participation, not very much would be needed. Among other possibilities, there are Swedish funds to support training and developing country capacity for evaluation.

Q4 It makes sense that the M&E system should change given RAF changes. What about participation by PFPs given that there are implications for national priorities and strategies.

A4 The Evaluation Office only evaluates GEF projects, not national priorities. We do look at how the projects respond to national priorities, but we do not evaluate national priorities. One of the criteria/indicators we use is how projects further national priorities and plans. Part of project evaluation includes project design.

Q5 Is it possible to find out about the track record of project developers, their success rate in terms of project approval?

A5 A project is not developed by one person alone. It is the agency that is responsible for project design, and we are doing a matrix of agency performance.

Q6 We cannot work with this document, Annex A, as it is contrary to common sense. It would take an entire agency to fulfill the functions listed, not a part-time person. We are being told about our new roles as focal points when we have the same amount of money as before. The RAF means less money for many countries, and now the OFP has more responsibilities and we are told that we are the center of everything. We all have to work with a lot of honesty and transparency to clarify everyone's roles and responsibilities, including those of the IAs.

### **Closing Remarks**

Richard Hosier (GEFSec)

Mr. Hosier commented that he had been very affected by the passion and commitment demonstrated by the delegates. He noted that we all share a common interest in protecting the global environment, and so we need to look for shared solutions. At this point, while some paths are clear and defined, others are not, and it will be necessary to face the challenges squarely and with rigor.

Mr. Hosier expressed his gratitude to the host country, Panama, for its support and choice of a beautiful venue, and his thanks to the delegates for giving their time and ideas. It is very important for the GEF to receive these questions and recommendations. Finally, he thanked the the IAs and EAs, the UNDP country office staff, the interpreters, and Frances Lim.

Eduardo Reyes, Panama OFP, added his hopes that all that had been discussed in the past two days would serve the GEF Council and the GEF Assembly, and that working in teams is the only way to achieve our objectives.