



**GLOBAL ENVIRONMENT FACILITY**  
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GEF/ME/C.53/Inf.09  
November 14, 2017

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53<sup>rd</sup> GEF Council Meeting  
November 28 – 30, 2017  
Washington, D.C.

**COMPARATIVE ADVANTAGE, ADEQUACY OF FUNDING / FINANCING,  
HEALTH OF THE EXPANDED GEF PARTNERSHIP AND  
GOVERNANCE STRUCTURE**

(Prepared by the Independent Evaluation Office of the GEF)

**November 2017**

## **EXECUTIVE SUMMARY**

### **1. Introduction**

1. The GEF occupies a unique space in the global financing architecture as it not only finances the United Nations Framework Convention on Climate Change (UNFCCC), but also major multilateral environmental agreements (MEAs) / conventions, including the Convention on Biological Diversity (CBD), the Stockholm Convention on Persistent Organic Pollutants, the United Nations Convention to Combat Desertification (UNCCD), and the Minamata Convention on Mercury. The GEF continues to provide strategic and innovative environmental and climate change-related financing, leveraging its financial resources and the functioning of its partnerships. At the same time, GEF funds are limited compared to estimated global need. Although other institutions such as the Climate Investment Funds (CIF) and the Green Climate Fund (GCF) have emerged, the GEF retains broad coverage of environmental issues, a large number of recipient countries, and a rich diversity of partners.

2. The global landscape for environment finance has been changing rapidly since the 4<sup>th</sup> and 5<sup>th</sup> Global Environment Facility (GEF) Replenishment Cycles (2016-2010 and 2010-2014) as well as throughout the current 6<sup>th</sup> Replenishment (2014-2018). Key evolutions include: the Paris Accord as a roadmap (and the 2017 withdrawal of the United States), the development of carbon markets/climate finance, the establishment of the Climate Investment Funds (CIF) and the Green Climate Fund (GCF), numerous bilateral agreements for funding climate change mitigation and adaptation projects (Marrakech Conference of the Parties (COP22) started focusing on climate risk impact issues beyond adaption), the ratification and entry into force of the Minamata convention, the expansion of the land degradation neutrality (LDN) framework and recent establishment of UNCCD's Land Degradation Neutrality Fund (LDN Fund), the introduction of green bonds, private equity interest in climate finance, nascent private sector climate/environmental finance investment in climate change projects (including Public-Private Partnerships (PPPs)), and other advancements in environmental finance (e.g. impact investment, insurance products, etc.).

3. In parallel to these external developments across the finance landscape, the GEF has undergone several changes within its structure, governance and partnership framework. Importantly, there has been an increase in the number of implementing and executing Agencies, from the initial three (United Nations Development Program (UNDP), United Nations Environment Program (UNEP) and the World Bank) to 18 Agencies today. The way in which the GEF allocates its resources changed with the introduction of the Resource Allocation Framework (RAF) in GEF-4, which was restructured as the System for Transparent Allocation of Resources (STAR) in GEF-5.

### **2. Purpose and Scope**

4. This report is structured as a technical document focusing on three key components within the overall GEF comprehensive evaluation, as follows:

- (a) Comparative advantage of the GEF as a funding channel;
- (b) Adequacy of donor financing;
- (c) Health of the expanded GEF partnership and governance structure.

5. The evaluation builds on recommendations from OPS5 and other previous evaluations conducted by the IEO. Speaking to an evolving GEF partnership within a changing landscape, this study brings to light GEF's strategic relevance, positioning and value-added against a backdrop of significant changes in environmental governance (including but not limited to climate change) policy, institutions, and environmental finance. Recommendations based on this study have been included in the overall OPS6 recommendations and are not separately included in this document.

### **3. Methodology**

6. This study was launched in December 2016. It has been guided by Organization for Economic Co-operation and Development – Development Assistance Committee (OECD-DAC) Evaluation Quality Standards for Development Evaluation,<sup>1</sup> the United Nations Evaluation Group (UNEG) Norms and Standards for Evaluation (updated in June 2016),<sup>2</sup> and the UNEG Ethical Guidelines and Code of Conduct for Evaluation in the UN System.<sup>3</sup>

7. The objective of the approach has been to assess the overall effectiveness of the GEF's partnership and governance, financing and its comparative advantage (i.e. its relevance). The overall goal is to provide learning and recommendations to key stakeholders for strategic decision-making in terms of the future directions of the GEF.

#### **A Mixed-Methods Approach**

8. The methodology used for this evaluation included a variety of methods. The Evaluation team, led by Universalia, conducted an in-depth review of key documents. Extensive consultation was pursued with key stakeholders from across the GEF partnership and beyond. Eighty-seven stakeholders were interviewed for this study. An online survey was administered to the GEF Secretariat, Agencies, Operational Focal Points (OFPs), Scientific and Technical Advisory Panel (STAP), Council members, Assembly members, and Civil Society Organizations (CSOs). A total of 123 respondents took the survey, resulting in an overall participation rate of 32.63 percent (Annex1).

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<sup>1</sup> Organization of Economic Co-operation and Development (OECD). 2010. *Quality standards for development evaluation*, DAC Guidelines and Reference Series.

<sup>2</sup> United Nations Evaluation Group (UNEG). 2016. *Norms and Standards for Evaluation*. UNEG Foundation Documents.

<sup>3</sup> UNEG. 2008. *UNEG Ethical Guidelines*, available. UNEG Foundation Documents. and UNEG. 2008. *UNEG Code of Conduct for Evaluation in the UN System*. UNEG Guidance Documents

9. Data analysis followed the tenets of a mixed-method approach. An elaborate evaluation matrix formed the basis for the conceptual framework for the study. Various data analysis techniques were applied, including: descriptive analysis, content analysis, quantitative/Statistical analysis, comparative analysis, aggregation and triangulation.

#### **4. Comparative Advantage**

10. The comparative advantage of the GEF derives primarily from its mandate as the principal financial mechanism of the Multilateral Environmental Agreements (MEAs) / conventions. Across the partnership, there is strong support for this mandate; serving the MEAs was also deemed necessary for the healthy functioning of MEAs, and thereby, the delivery of global environmental benefits (GEBs). The unique mandate of the GEF allows it pursue integration across focal areas. There is evidence in the scientific literature, and support in the partnership for integration in programs of the GEF, as manifested through the Integrated Approach Pilots (IAPs). Finally, the GEF has significant comparative advantage due to its convening power, coupled with its breadth, high degree of trust, strong performance record, support for transformational change and long history.

#### **5. Financing**

11. There is an overall global shortage of funding to address recognized environment and climate issues, relative to the scale of global environmental needs, including rapidly accelerating climate change rates and risks. This has constrained the GEF's ability to play an even bigger catalytic role as a key environmental funding and finance mechanism of the conventions, to different regions and in other ways.

12. The vast majority of donors have delivered on their financial commitments to the GEF, as promised and on time. Meeting donor commitments is important to maintaining widespread confidence in the institutional mechanism overall. Despite the delivery of pledged commitments, the GEF has encountered a shortfall in funding during GEF-6 due to foreign exchange volatility. Currency hedging has not been used to manage foreign exchange risk. This has had detrimental effects on funding availability for GEF-6 projects, with direct implications for the approval of projects for both countries and Agencies, whose planning is based on donor commitments.

13. The GEF's ability to offer grants and Non-Grant Instruments (NGIs) is much appreciated across the partnership. Noting that the GEF has historically accepted some risk exposure to facilitate innovation, there is GEF-wide support for innovative financing and risk-mitigation approaches to be further pursued and offered. This is a potential way for the GEF to further distinguish itself.

14. A key strategic and operational aspect of its work, the GEF's new co-financing policy has been beneficial. Co-financing has allowed the GEF to access sizeable resources for its projects. It is recognized that the Multilateral Development Banks (MDBs) and certain focal areas (such as Climate Change) have greater capacity to generate co-financing. Co-financing commitments for

GEF-6 projects exceeded the targets set by the GEF co-financing policy. Against the co-financing policy mandated target of 6:1, co-financing commitments so far for GEF-6 projects have been mobilized at a rate of 8.8:1 and across the GEF periods – from GEF-1 to GEF-6 – there has been a steady increase in the co-financing ratio of the GEF portfolio. Co-financing commitments were fully met for a majority (59 %) of completed GEF projects. However, there is confusion in Agencies around the application of the GEF aspirational ratio of 6:1.

15. Private sector investment and financing have an important role to play to close the funding gap. In the GEF the private sector portfolio is catalyzing private investment. Every \$1 from a GEF grant leverages a competitive ratio of \$8 in co-financing, compared to \$6 in co-financing estimated for the overall GEF portfolio. Three (\$3) out of \$8 in co-financing come from private sector investments, mostly in the form of equity investment. Beyond facilitating investment, the GEF also has a role to play in regulatory reform to facilitate environmental finance.

## **6. Health of The Expanded GEF Partnership and Governance Structure**

16. The expansion in the number of GEF Agencies from 12 to 18 in GEF-6 brings good potential along with challenges. There is potential for the increased diversity of Agencies to enhance the partnership's capacity to deliver global environmental benefits, but challenges exist in dealing with the greater competition among Agencies for GEF's limited resources. There is some evidence in relation to the three IAPs of improved cooperation among the Agencies, drawing upon their respective advantages as MDBs, UN Agencies, and international Non-Governmental Organizations (NGOs).

17. GEF strategies have mostly been responsive to convention guidance. The GEF has responded expeditiously to new mandates including the Paris Agreement's request to establish the new Capacity-Building Initiative for Transparency (CBIT). The GEF Secretariat has made efforts in recent years to get more usable guidance from the conventions, yet certain features of convention guidance have made operationalization challenging. OPS5 referred to ambiguous language, lack of prioritization, cumulative nature, and repetition. Some of these issues have been addressed; for example, the CBD has eliminated repetitive messages and updated its guidance.

18. Overall, the GEF partnership is well governed; concerns continue to exist on matters related to representation, efficiency, accountability, and transparency. Seventy-three percent of respondents to an IEO survey on GEF governance note that the GEF is effectively governed overall, and representatives of all stakeholder groups indicate that the governance structure has served the GEF reasonably well. Council members are engaged; and there is a high level of trust and goodwill, and a sense of common purpose. However, the GEF Instrument and current rules of procedure do not fully and accurately reflect the way in which the partnership is actually functioning.

## Acronyms

<b>ADB</b>	Asian Development Bank
<b>AMC</b>	Advanced Market Commitment
<b>BOAD</b>	West African Development Bank
<b>CAF</b>	Development Bank of Latin American
<b>CBD</b>	Convention on Biological Diversity
<b>CBIT</b>	Capacity-Building Initiative for Transparency
<b>CCS</b>	Carbon Capture and Sequestration
<b>CDM</b>	Clean Development Mechanism
<b>CEO</b>	Chief Executive Officer
<b>CGIAR</b>	Consultative Group on International Agricultural Research
<b>CI</b>	Conservation International
<b>CIF</b>	Climate Investment Funds
<b>CO<sub>2</sub></b>	Carbon Dioxide
<b>COP</b>	Conference of the Parties
<b>CPI</b>	Climate Policy Initiative
<b>CSO</b>	Civil Society Organization
<b>CSP</b>	Concentrated Solar Power
<b>CTF</b>	Clean Technology Fund
<b>DAC</b>	Development Assistance Committee
<b>DBSA</b>	Development Bank of Southern Africa
<b>DFI</b>	Development Finance Institution
<b>EA</b>	Enabling Activity
<b>EAP</b>	East-Asia and Pacific
<b>EBRD</b>	European Bank for Reconstruction and Development
<b>ECW</b>	Expanded Constituency Workshop
<b>EU</b>	European Union
<b>EU-ETS</b>	European Union- Emissions Trading System
<b>FECO</b>	Foreign Economic Cooperation Office, Ministry of Environmental Protection of China
<b>FSP</b>	Full-Sized Project

<b>FUNBIO</b>	Brazilian Biodiversity Fund
<b>GAVI</b>	Global Alliance for Vaccines and Immunization
<b>GCC</b>	Gulf Cooperation Council
<b>GCF</b>	Green Climate Fund
<b>GDP</b>	Gross Domestic Product
<b>GEBS</b>	Global Environmental Benefits
<b>GEF</b>	Global Environment Facility
<b>GHG</b>	Greenhouse Gas
<b>IA</b>	Implementing Agency
<b>IAP</b>	Integrated Approach Pilot
<b>IDA</b>	International development Association
<b>IEA</b>	International Energy Agency
<b>IEG</b>	Independent Evaluation Group
<b>IEO</b>	Independent Evaluation Office
<b>IFAD</b>	International Fund for Agricultural Development
<b>IFC</b>	International Finance Corporation
<b>IFFIm</b>	International Finance Facility for Immunization
<b>IMF</b>	International Monetary Fund
<b>INDC</b>	Intended Nationally Determined Contribution
<b>INGO</b>	International Non-Governmental Organization
<b>IP</b>	Impact Program
<b>IUCN</b>	International Union for Conservation of Nature and Natural Resources
<b>IW</b>	International Waters
<b>LAC</b>	Latin America and Caribbean
<b>LDCF</b>	Least Developed Countries Fund
<b>LDCs</b>	Least Developed Countries
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MDBs</b>	Multilateral Development Banks
<b>MDG</b>	Millennium Development Goal
<b>MEA</b>	Multilateral Environmental Agreements

<b>MICs</b>	Middle Income Countries
<b>MSP</b>	Medium-Sized Project
<b>NGI</b>	Non-Grant Instrument
<b>NGO</b>	Non-Governmental Organization
<b>NPIF</b>	Nagoya Protocol Implementation Fund
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>OECD-DAC</b>	Organization for Economic Co-operation and Development – Development Assistance Committee
<b>OFP</b>	Operational Focal Point
<b>OPS</b>	Overall Performance Study
<b>PIF</b>	Project Identification Form
<b>PMIS</b>	Project Management and Information System
<b>POPs</b>	Stockholm Convention on Persistent Organic Pollutants
<b>ppm</b>	Parts per million
<b>PPP</b>	Public-Private Partnership
<b>QA</b>	Quality Assurance
<b>RAF</b>	Resource Allocation Framework
<b>RBM</b>	Results-Based Management
<b>REDD+</b>	Reducing Emissions from Deforestation and Forest Degradation
<b>RFP</b>	Request for Proposal
<b>SAICM</b>	Strategic Approach to Integrated Chemicals Management
<b>SCCF</b>	Special Climate Change Fund
<b>SDGs</b>	Sustainable Development Goals
<b>SDR</b>	Special Drawing Rights
<b>SGP</b>	Small Grants Program
<b>SIDS</b>	Small Island Developing States
<b>SSA</b>	Sub-Saharan Africa
<b>STAP</b>	Scientific and Technical Advisory Panel
<b>STAR</b>	System for Transparent Allocation of Resources
<b>ToR</b>	Terms of Reference
<b>UAE</b>	United Arab Emirates

<b>UFE</b>	Utilization-Focused Evaluation
<b>UK</b>	United Kingdom
<b>UMG</b>	Universal Management Group
<b>UN</b>	United Nations
<b>UNCCD</b>	United Nations Convention to Combat Desertification
<b>UNDP</b>	United Nations Development Program
<b>UNEG</b>	United Nations Evaluation Group
<b>UNEP</b>	United Nations Environment Program
<b>UNIDO</b>	United Nations International Development Organization
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>UNOPS</b>	United Nations Office for Project Services
<b>US</b>	United States
<b>USAID</b>	United States Agency for International Development
<b>USD</b>	United States Dollars
<b>WEF</b>	Water Environment Federation
<b>WRI</b>	World Resources Institute

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## I. INTRODUCTION

### 1. Context

1. The GEF occupies a unique space in the global financing architecture as it not only finances the United Nations Framework Convention on Climate Change (UNFCCC), but also major multilateral environmental agreements (MEAs) / conventions, including the Convention on Biological Diversity (CBD), the Stockholm Convention on Persistent Organic Pollutants, the United Nations Convention to Combat Desertification (UNCCD), and the Minamata Convention on Mercury. The GEF continued to provide strategic and innovative environmental and climate change-related financing, leveraging its financial resources and the functioning of its partnerships. At the same time, GEF funds are limited compared to estimated global need. Although other institutions with pledged amounts far exceeding those of the GEF have emerged—such as the Climate Investment Funds (CIF) and the Green Climate Fund (GCF) — the GEF retains broad coverage of environmental issues, a large number of recipient countries, and a rich diversity of partners.

2. The global landscape for environment finance has been changing rapidly since the 4<sup>th</sup> and 5<sup>th</sup> Global Environment Facility (GEF) Replenishment Cycles (2016-2010 and 2010-2014) as well as throughout the current 6<sup>th</sup> Replenishment (2014-2018). Key evolutions include: the Paris Accord as a roadmap (and the 2017 withdrawal of the United States), the development of carbon markets/climate finance, the establishment of the Climate Investment Funds (CIF) and the Green Climate Fund (GCF), numerous bilateral agreements for funding climate change mitigation and adaptation projects (Marrakech Conference of the Parties (COP22) started focusing on climate risk impact issues beyond adaption), the ratification and entry into force of the Minamata convention, the expansion of the land degradation neutrality (LDN) framework and recent establishment of UNCCD's Land Degradation Neutrality Fund (LDN Fund), the introduction of green bonds, private equity interest in climate finance, nascent private sector climate/environmental finance investment in climate change projects (including Public-Private Partnerships (PPPs)), and other advancements in environmental finance (e.g. impact investment, insurance products, etc.).

3. In parallel to these external developments across the finance landscape, the GEF has undergone several changes within its structure, governance and partnership framework. Importantly, there has been an increase in the number of implementing and executing Agencies, from the initial three (United Nations Development Program (UNDP), United Nations Environment Program (UNEP) and the World Bank) to 18 Agencies today. The way in which the GEF allocates its resources changed with the introduction of the Resource Allocation Framework (RAF) in GEF-4, which was restructured in GEF-5 as the System for Transparent Allocation of Resources (STAR).

### 2. Purpose of the Evaluation

4. Within the changing global and institutional context, this report has been produced as part of the larger *Sixth Comprehensive Evaluation of the GEF (Sixth Overall Performance Study*

(OPS6)) and is designed to serve as a technical document focusing on three key components within the overall GEF comprehensive evaluation, as follows:

- (a) Comparative advantage of the GEF as a funding channel;
- (b) Adequacy of donor funding / financing; and
- (c) Health of the expanded GEF partnership and governance structure.

5. The evaluation builds on recommendations from OPS5 and previous evaluations conducted by the IEO and other international development institutions. This study discusses GEF's strategic relevance, positioning and value-added against a backdrop of significant changes in environmental governance (including but not limited to climate change) policy, institutions, and environmental finance.

### **3. Methodology**

6. This study was launched in December 2016. It has been guided by Organization for Economic Co-operation and Development – Development Assistance Committee (OECD-DAC) Evaluation Quality Standards for Development Evaluation,<sup>4</sup> the United Nations Evaluation Group (UNEG) Norms and Standards for Evaluation (updated in June 2016),<sup>5</sup> and the UNEG Ethical Guidelines and Code of Conduct for Evaluation in the UN System.<sup>6</sup> The team was also guided by the Sourcebook for Evaluating Global and Regional Partnership Programs prepared by the Independent Evaluation Group (IEG) of the World Bank. Methodologically, the study adopted a Utilization-Focused Evaluation (UFE) framework<sup>7</sup> and followed a participatory and mixed-methods approach. Much of the study has also been comparative in nature, drawing on a series of comparator organizations (e.g. the Climate Investment Funds (CIF), Green Climate Fund (GCF) and others) as a means of highlighting good practices and lessons learned from the field as a whole.

#### **A Mixed-Methods Approach**

7. The methodology used for this evaluation included a variety of methods. The Evaluation team conducted an in-depth review of key documents. Extensive consultation was pursued with key stakeholders from across the GEF partnership and beyond. A total of 87 stakeholders were interviewed for this study (see Table 1 for the sample). An online survey was administered to the GEF Secretariat, Agencies, Operational Focal Points (OFPs), Scientific and Technical Advisory Panel (STAP), Council members, Assembly members, and Civil Society Organizations (CSOs). A total of 123 respondents took the survey, resulting in an overall participation rate of 33 percent (Annex1).

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<sup>4</sup> Organization of Economic Co-operation and Development (OECD). 2010. *Quality standards for development evaluation*, DAC Guidelines and Reference Series.

<sup>5</sup> United Nations Evaluation Group (UNEG). 2016. *Norms and Standards for Evaluation*. UNEG Foundation Documents.

<sup>6</sup> UNEG. 2008. *UNEG Ethical Guidelines*, available. UNEG Foundation Documents. and UNEG. 2008. *UNEG Code of Conduct for Evaluation in the UN System*. UNEG Guidance Documents.

<sup>7</sup> Patton, Michael Quinn. 2008. *Utilization-focused evaluation*. Sage publications.

*Table 1: Stakeholders interviewed for the study*

Stakeholder group	No. of interviews
Agencies	24
Conflict Resolution Commissioner	1
Conventions	12
Council Members	4
Civil Society Organizations	2
GEF Independent Evaluation Office	6
Operational Focal Points	6
Outsiders	4
Scientific and Technical Advisory Panel	9
GEF Secretariat	18
Trustee	1
<b>TOTAL</b>	<b>87</b>

### **Structure**

8. This report is organized around three different sections, addressing the focus questions of the evaluation.

- (a) Section 2 discusses the comparative advantage of the GEF as a funding channel;
- (b) Section 3 examines the adequacy of donor funding / financing;
- (c) Section 4 assesses the health of the expanded GEF partnership and governance structure.

## II. COMPARATIVE ADVANTAGE OF THE GEF

### 1. Introduction

9. In the 25 years since the Rio Earth Summit, as global environmental challenges have continued to rise, global action to address these challenges has also evolved. The Global Environment Facility (GEF) was set up on the eve of the 1992 Earth Summit as a catalyst for action on the environment. The GEF has continued to evolve in response to and in anticipation of the rising environmental challenges, the growing development needs, and a changing landscape of environmental action.

10. Since the establishment of the GEF, the global landscape of environmental action has changed considerably. Within the changing landscape, the GEF too has evolved from a pilot program to an ambitious champion of global public goods.<sup>8</sup> The comparative advantage of such an institution is richly contextual, evolving as the institution itself adapts and evolves. Thus, this section discusses the dynamic and contemporary character of the GEF's comparative advantage, within the current global context, as follows:

- (a) The GEF as a financial mechanism of the multilateral environmental agreements (MEAs) / conventions;
- (b) GEF's integrative approaches to issues and focal areas; and
- (c) The convening power of the GEF.

### 2. Multilateral Environmental Agreements / Conventions

Finding 1: The comparative advantage of the GEF derives primarily from its mandate as the principal financial mechanism of the multilateral environmental agreements / conventions. Across the partnership, there is strong support for this mandate; serving the MEAs was also deemed necessary for the healthy functioning of MEAs, and thereby, the delivery of global environmental benefits.

11. The GEF's comparative advantage derives primarily from its mandate as the principal financial mechanism for a number of multilateral environmental agreements (MEAs) / conventions as well as its broad thematic coverage of environmental issues, also consistent with the Sustainable Development Goals (SDGs). The GEF Instrument identifies the GEF "as a mechanism for international cooperation... to achieve agreed global environmental benefits in the following focal areas:

- a. biological diversity;
- b. climate change;

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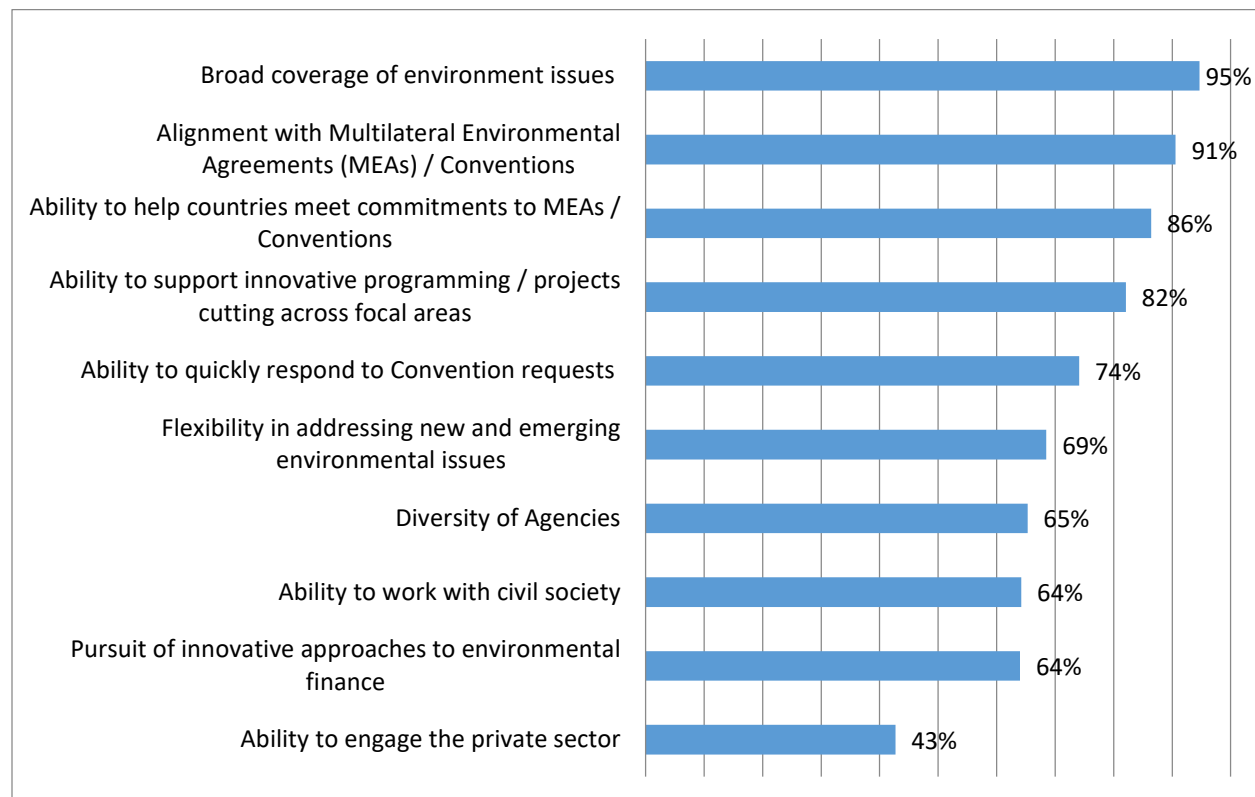
<sup>8</sup> Global Environment Facility. 2016. *25 Years of the GEF*. Washington DC

- c. international waters;
- d. land degradation, primarily desertification and deforestation;
- e. chemicals and wastes.” (Provision I.2.).

In addition, according to Provision I.6., “In partial fulfillment of its purposes, the GEF shall” operate the financial mechanism for the implementation of the MEAs / conventions.

12. Across the partnership, there is a high degree of commitment to ensuring that the GEF remains true to its mandate stemming from the MEAs, while at the same time encouraging innovation in the pursuit of Global Environmental Benefits (GEBs), in line with evolving global priorities and framings. Survey results indicate that 95 percent of respondents agree that the GEF’s comparative advantage stems from its broad coverage of environment issues rather than any one specific issue area while 86 percent are in agreement that it stems from its ability to help countries meet their commitments to MEAs / conventions. Ninety-one percent of respondents indicate the importance of the GEF’s alignment with MEAs / conventions (Figure 1).

**Figure 1: Survey Responses Related to Comparative Advantages of the GEF**



13. Interview respondents from diverse stakeholder groups appreciate the GEF as an institution and were generally in agreement with its mandate to serve environmental conventions globally, and moreover, as the only global fund serving such a mandate.

14. The GEF is seen as an essential entity for the majority of its focal areas. With the exception of the climate landscape, where there are diverse financing institutions, there are virtually no organizations comparable to the GEF in any of the other focal areas. Biodiversity is traditionally a large portfolio of the GEF; the GEF is the financial mechanism for the Convention on Biological Diversity (CBD) and indeed seen as a large and reliable resource for funding. For other focal areas, including International Waters and Chemicals, the GEF is seen as the only resource available. Staff members of conventions in particular emphasized that the GEF was absolutely fundamental to the conventions and to the delivery of the obligations under the conventions. Other interview respondents agreed that focal areas like Biodiversity are traditionally not served by the other comparable funds. Currently the comparative advantage of the GEF is associated with the support it provides to diverse conventions and their operationalization.

15. Of all GEF focal areas, Climate Change warrants a separate discussion. With the establishment of the Green Climate Fund (GCF) and its ambitious – albeit informal – target of mobilizing US\$ 100 billion per year by 2020, comparisons are often drawn between the GCF and the GEF. In this context, and in the context of climate change in general, two points merit consideration:

16. In the last two decades, as global action for climate change mitigation and adaptation has grown, so has the diversity and availability of public institutions working on climate-related finance. Today the climate finance landscape has diverse multilateral and bilateral agencies, creating a need to discern areas of competition and possible complementarities.<sup>9</sup> According to the 2016 *Biennial Assessment and Overview of Climate Finance Flows* by the UNFCCC,<sup>10</sup> the global total climate finance flows (in both developed and developing countries) in 2013-2014 averaged US\$ 714 billion. Of this, public investment flows to developing countries averaged US\$ 41 billion. Of the latter flow, UNFCCC funds (including the Adaptation Fund (AF), GEF, Special Climate Change Fund (SCCF) and Least Developed Countries Fund (LDCF)) averaged US\$ 0.7 billion during the same period. By comparison, pledges to the GCF amounting to US\$ 10.2 billion were made by the end of 2014. As the landscape has fragmented, the GEF has become a relatively smaller contributor to climate-related projects. The GEF's available resources are certainly not insubstantial for its many recipient countries, however; the challenge is to use those resources in the most effective way to engage other sources of finance and catalyze transformational change.

17. The analysis demonstrates that GEF has several features which distinguish the GEF from among other multilateral climate funds. These include the provision of significant and flexible **grant financing; the focus** upstream on the **enabling environment** to support broader public and private climate investment, including through policy, legal, and regulatory reform and capacity building.; the emphasis on **piloting and demonstrating technologies and financial**

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<sup>9</sup> Mazza, F., Falzon, J. and Buchner, B., 2016. Global Climate Finance: An Updated View on 2013 and 2014 Flows. *Climate Policy Initiative*. October 2016.

<sup>10</sup> UNFCCC, S., 2014. UNFCCC Standing Committee on Finance 2014 Biennial Assessment and Overview of Climate Finance Flows Report. In *Bonn: United Nations Framework Convention on Climate Change Standing Committee on Finance* (Vol. 3, p. 2016).

**approaches** that could be scaled up by other partners, GEF's contribution to **innovative and risk-sharing approaches**, and GEF's ability to fund **integrated projects**, across focal areas and including both climate mitigation and adaptation aspects. In addition, the GEF provides **critical support for countries to meet their obligations** under the UNFCCC, including support for NAMAs, NCs, BURs, and (I)NDCs. The GEF's historic mandate to provide such support is seen as one of its comparative advantages among other climate funds.

18. In the overall environmental finance landscape, while the GEF is a designated financial mechanism of the UNFCCC, it also serves as a key financial mechanism to a diverse set of MEAs. While this is a comparative advantage of the GEF in and of itself, it also affords the GEF the ability to support multi-focal programming more in line with grounded environmental realities. In addition, several other comparable agencies face unique challenges quite unlike the GEF. While the GCF is not yet completely operational, the AF, SCCF and LDCF are much smaller in scale, compared to the GEF. The CIF focuses on private sector financing and is operationalized through the five Multilateral Development Banks (MDB) partners. In addition, it is limited in legitimacy by operating outside of the UNFCCC, and by having only a limited number of recipient countries.<sup>11</sup> By comparison, not only is the GEF a designated financial mechanism of the UNFCCC, it also enjoys a global focus in terms of recipient countries.

19. Serving the MEAs is also deemed necessary for the healthy functioning of the MEAs, and thereby, the delivery of GEBs. There exists a deep, reciprocal and inextricable relationship between the GEF and the conventions. The GEF draws its core mandate through its relationship with the conventions, and the conventions find the GEF instrumental to their negotiations and commitments.

20. This underscores the important role played by the GEF not only as a financial mechanism in supporting global action through MEAs, but also as an incentivizing institution of the global institutional infrastructure. Resources provided through the GEF act as incentives for developing countries to make commitments under the MEAs, thereby ensuring global action towards the realization of Global Environmental Benefits (GEBs). Further, the availability of a strong financial mechanism such as the GEF is seen as robust support to the conventions. GEF council members draw from experiences in the difficult negotiations at the MEAs, particularly the UNFCCC and Convention on Biological Diversity (CBD), to emphasize the central role of the GEF functions. They asserted that the reliable functions performed by the GEF were seen as a source of goodwill and constructive spirit for the negotiations at MEAs. Although these functions are difficult to perform, they are key to the MEAs. Indeed, the partnership expresses a strong need for a clear articulation of the GEF's comparative advantage as a result of this unique mandate.

21. There are, however, slight though important differences in the perceptions related to the mandate of the GEF as a principal financial mechanism of the conventions. Council members from some donor countries tend to view the relationship with the conventions as primary, such that GEF's mandate derives primarily from the various conventions. Similarly, in interviews, Conventions expressed concern that such a mandate runs the risk of becoming

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<sup>11</sup> CIF Evaluation Oversight Committee, 2014. Independent Evaluation of the Climate Investment Funds. *Washington, DC: Climate Investment Funds.*

secondary with the roll out of programs such as the Integrated Approach Pilots. Convention Secretariat respondents emphasize the primacy of the GEF's mandate vis-à-vis the conventions, supporting countries in realizing their commitments under the conventions. According to those interviewed, without a strong tie to the conventions, the GEF would run the risk of becoming indistinguishable from other financial mechanisms, spreading its resources too thin, eroding some of its comparative advantages, and also exposing it to severe competition. In-country stakeholders broadly agree on the potential for the IAP programs to address multiple conventions through an integrated programming approach.

### 3. Integration in Programs

Finding 2: The unique mandate of the GEF allows it pursue integration across focal areas. There is evidence in the scientific literature, and support in the partnership for integration in programs of the GEF.

22. While its primary mandate and comparative advantage is located in serving as the financial mechanism for MEAs / conventions, the GEF is not strictly confined to thematic or programmatic silos in its pursuit of GEBs. Indeed, focal area silos can be artificial with regards to complex real-world contexts, where environmental issues are not neatly divided. Evidence available in the scientific literature supports integration in addressing environmental challenges, resulting in the discipline of sustainability science.<sup>12</sup> The science itself has changed, where disparate research clusters are using integrated approaches to study coupled systems.<sup>13</sup> In line with this, the GEF2020 Strategy states the “vision for the GEF is to be a champion of the global environment building on its role as financial mechanism of several multilateral environmental conventions (MEAs), supporting transformational change, and achieving global environmental benefits on a larger scale”.

23. The GEF has historically pursued multi-focal programming (i.e. with projects drawing on more than one focal area). The share of projects with multi-focal areas has increased and there is a commitment of 52 percent to projects with multi-focal areas in GEF-6. This ability to integrate is a key comparative advantage of the GEF. While there are diverse other agencies in the climate finance landscape, the GEF remains the only agency with a broad mandate that can address, in an integrative manner, drivers related to a host of environmental challenges (including climate change). As the GEF draws its mandate from diverse MEAs, it can exercise integration in its programming – an ability not available to many other comparable agencies. The GEF is also able to assist in the delivery of the SDGs in an integrated manner, through the diversity of its portfolio, and unlike many agencies in the climate finance landscape.

24. Across the GEF partnership, there is much support for the GEF2020 focus on addressing the drivers of environmental degradation and the integrative principle underpinning IAPs developed in GEF-6. Across the GEF, 82 percent of survey respondents agree that the GEF's

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<sup>12</sup> Kauffman, J. and Arico, S., 2014. New directions in sustainability science: promoting integration and cooperation. *Sustainability Science*, 9(4), pp.413-418.

<sup>13</sup> Kajikawa, Y., Tanco, F. and Yamaguchi, K., 2014. Sustainability science: the changing landscape of sustainability research. *Sustainability science*, 9(4), pp.431-438.

comparative advantage stems from its ability to support innovative programming/projects that cut across multiple environmental issues/focal areas (i.e. IAPs). Given the diversity of its focal areas, the GEF is the only environment/climate finance organization that is able to create such integration.

25. While there is widespread support for the Impact Programs taking shape for GEF-7, there are some concerns. Staff members of MEAs express concern that advancing the IAPs/IPs may require GEF resources to be diverted away from focal areas, thereby reducing resources available for meeting commitments under the conventions themselves.

26. Concerns on the IAPs are also related to the processes of decision making and communication. Many respondents from countries, Agencies, and conventions expressed being unclear about how decisions have been made pertaining to the selection of projects, countries and Agencies – in general, and particularly related to IAPs. In such cases, although the principle for integration is highly appreciated, the support for the current process is not unequivocal.

27. Survey respondents for this study expressed low agreement with statements related to the transparency of decision-making at the GEF Secretariat (52%), communication among partners (53%), and accountability (54%) (Figure 8). Most interview respondents across the GEF indicate being unclear as to the overall selection criteria for IAPs. Agencies question the impartiality of the Secretariat in deciding whether to advance programs to Council, given its involvement in their design and in the selection of program partners. Similarly, country and Agency selection undertaken by the GEF Secretariat is perceived as opaque.

#### **4. Convening Power of the GEF**

Finding 3: The GEF has significant comparative advantage due to its convening power, coupled with its breadth, high degree of trust, strong performance and long history.

28. The GEF wields significant convening power over global environmental issues (Table 1). According to the literature, convening power is thought to emerge from four characteristics: i) diversity of participants, ii) clear purpose, iii) knowledge and expertise leveraged, and iv) outcome, influence or product.<sup>14</sup> Common factors that are understood to support the convener role include:

- (a) Programs/strategies specifically designed for convening, and very targeted;
- (b) Expert knowledge or scholarship provided by senior experts and practitioners;
- (c) Links to the academic world or the offer of training programs to build capacity and contribute to a new generation of leaders or experts;

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<sup>14</sup> Flower NR, Muoio A, Garris R. 2013. Gather: the art and science of effective convening, Rockefeller Foundation.

- (d) A multiplicity of convening forms – seminars, conferences, expert panels, roundtable discussions, consultative forums, etc. – which they mostly host (but may also participate in) that take place at global, regional and/or national level;
- (e) Convening serves to generate debate, make explicit diverse perspectives, build consensus, develop a product, make recommendations, or take action around a shared vision; and
- (f) All make use of convening to bring about some form of change on key and targeted issues.

29. The GEF is a partnership with a history of more than 25 years, working across the globe, on diverse environmental issues, and maintaining strong relationships. The GEF is more diverse than any other comparable organization, covering virtually every country, with its focal areas including environmental dimensions that are not represented in the focus of other funding agencies.

*Table 2: Examples of the convening Power of the GEF*

CRITERIA	EXAMPLES
Diversity of Participants	5 global multilateral environmental agreements (MEAs) / conventions 166 recipient countries historically, 143 recipient countries in GEF 6 39 donor countries 18 GEF Agencies, including the UN, MDBs, national executing agencies and global conservation organizations 6 panel members of the Scientific and Technical Advisory Panel (STAP) 32 Council members 5 Focal areas
Clear purpose	The GEF Instrument GEF2020 strategy MoUs with conventions
Knowledge and expertise leveraged	STAP, IEO, GEFSEC, 18 GEF Agencies Expertise from across the GEF partnership
Outcome, influence or product	Year of establishment: 1991 Number of Projects: 4433 GEF Grant Volume: US\$ 1.5 billion Co-financing: US\$ 90,715.38 million Multiplicity of events, reports, etc.

30. Different members of the partnership are drawn to the GEF for diverse reasons. The number of countries and the breadth of focal areas covered by the GEF are especially attractive to some of the GEF Agencies with equally broad mandates, including the UN agencies and conservation organizations. Diverse GEF Agencies reported satisfaction with the alignment between their priorities and the GEF objectives. The MDBs reported strong support for the GEF's ability to innovate in its approaches. The GEF has traditionally focused on capacity building and technical assistance, which have provided a strong comparative advantage. This complements the larger catalytic action that the GEF is also capable of undertaking.

31. From the perspective of the countries, specifically, there are other dimensions that provide strong comparative advantage. The GEF provides funding through four basic modalities: full-size project (FSP), medium-size project (MSP), an enabling activity (EA), and the Small Grants Program (SGP). These modalities provide a range of options for diverse project types and sizes. Overall, approximately 80 percent of closed projects have satisfactory performance. The STAR allocation provides countries with predictable and reliable source of funding, allowing for long-term planning. In addition, the diverse grants of the GEF are able to influence policy-making as well as create impact at the grassroots level through the Civil Society Organization (CSO) Network and the SGP.

32. In addition, the IEO and STAP of the GEF provide significant institutional support in the evaluation of GEF work and supporting its grounding in cutting-edge scientific knowledge. Indeed, new institutions like the GCF are in the process of establishing equivalent bodies for their function. Through the support of its institutional structure, the GEF maintains high standard of scientific expertise, documentation, and monitoring and evaluation – which sets it apart from other agencies.

33. This, along with the history and spread of GEF across countries and focal areas, distinguishes GEF from other funding / financial mechanisms. Eighty percent of survey respondents agree or strongly agree that GEF's comparative advantage stems from its geographic scope and coverage. Further, the GEF has been active for more than 25 years, resulting in high social capital – the wealth of relationship, trust, norms and networks that the GEF enjoys as a result of this long-standing history.

### III. ADEQUACY OF DONOR FUNDING / FINANCING

#### 1. Introduction

34. The environmental finance landscape has changed since the inception of the Global Environment Facility (GEF), and it continues to evolve. There is widespread awareness of environmental issues, and mainstreaming is underway across a plethora of organizations, including the Multilateral Development Banks (MDBs). There is also growing involvement of the private sector in addressing these issues. Key recent evolutions include the Sustainable Development Goals (SDGs) as a global framework of multi-faceted development priorities, the Paris Accord as a roadmap for tackling climate change and related issues, the rise of the GCF and Climate Investment Funds (CIF), a focus on adaptation and climate risks in addition to climate change mitigation, the green bond markets, and a rise of bilateral programs for climate change. Global funding flows have increasingly prioritized climate change and REDD+ (Reduced Emissions from Deforestation and Degradation) over other environmental issues, notably Biodiversity and trans-boundary waters.

35. While the international community has committed and invested sizeable resources annually to address environmental issues, environmental funding / financing needs remain huge relative to demand, and remain largely unmet. Moreover, most recent donor funding has been made available through a climate change mitigation lens, though the critical inseparable connections with agriculture, land use, biodiversity and water are increasingly recognized and acted upon.

36. It is estimated that at least US\$ 1 trillion per year is required to meet green infrastructure needs, as per Paris Accord goals. At the same time, an estimated extra US\$ 2.5 trillion in funds is needed each year to achieve the SDGs. Thus, donors are faced with the prospect of inadequate funds in light of pressures they face from multiple directions. With the refugee humanitarian crisis and imminent departure of the United Kingdom (UK) from the EU, the economic alliance is fragile, with competing needs for limited funds in heightened evidence, and with implications on global environmental action.<sup>15</sup> This is further exacerbated by increasingly frequent famines and natural disasters attributed to accelerating climate change (many requiring immediate assistance), global markets volatility, competing bilateral programs for environmental finance, and political uncertainty created by the US withdrawal from the Paris Accord.<sup>16</sup>

37. Against this changing and challenging backdrop, the GEF is an important albeit limited source of environmental funding and financing.<sup>17</sup> While donors generally meet their funding commitments to the Facility, GEF funds are limited compared to the estimated global need. Nonetheless, it remains one of the most significant players in the existing multilateral funding and environmental landscape; the GEF is the only one to focus on environmental issues in

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<sup>15</sup> According to a report issued by Greenpeace, this weakness has emboldened the UK to lobby to weaken EU climate targets even as it prepares to exit, available at : <https://energydesk.greenpeace.org/2017/05/28/brexit-uk-eu-climate-change-energy-efficiency/> [Accessed June 30, 2017]

<sup>16</sup> Which will take 4 years in practice, as per UNFCCC rules.

<sup>17</sup> Funding and financing are often used interchangeably though incorrectly as terms.

general, and not just on climate change like many others. Mindful that donors and the public sector alone cannot provide the range and type of financial resources required, the GEF has sought to unlock additional resources through engaging private sector actors and investors.<sup>18</sup>

38. This examination of the adequacy of resources considers the quantitative dimensions of the question against the backdrop of scarcity of environmental funding and financing, as well as the GEF's engagement with the private sector, and the different dimensions of its operations. The following are among those discussed: scarcity of resources by region and focal area, resources for transboundary/extra-judicial/regional projects, large projects by type of agency (e.g. MDBs in particular), resources for certain types of programs (e.g. for innovation and risk mitigation), and issues of compatibilities regarding the timing of funds and project needs.

## **2. Adequacy of Resources**

Finding 4: There is an overall global shortage of funding to address recognized environment and climate issues, relative to the scale of global environmental needs, including rapidly accelerating climate change rates and risks. This has constrained the GEF's ability to play a yet more effective and catalytic role as a key environmental funding and finance mechanism of the conventions, to different regions and in other ways

39. The question of the adequacy of GEF funding is herein situated within a presentation of global environmental needs and priorities. It specifically examines the availability of GEF resources, and their parceling by region, focal area and Agencies.

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<sup>18</sup> Although the analysis below does mention non-financial engagement with the private sector, the bulk of the focus is on funding and financing, as per the ToR. By definition this necessitates a more finance and risk management based discussion, as financial resources are needed to implement GEF projects. Non-investment interactions with the private sector include sustainable agricultural commodities chains, and value chain interventions for food security and prevention of land degradation. Using the GEF's convening power to help determine standards for green certification similar to the Rainforest Alliance or participating in the sustainable palm oil initiative are examples of other types of interventions. However, other than CSR, finding environmental and climate change solutions still comes down to finding more funds to implement projects, policies, and technical assistance on the ground, as well as making projects commercially viable to the extent possible. This message was just reiterated by donors at the EDD meetings in Brussels that concluded on June 8, 2017. They concluded that innovative financing and selected appropriate participation by the private sector for risk mitigation is required to help close the funding gap for climate finance. They specifically cited the need for the insurance industry to provide index-based flood and drought, crop or livestock insurance, disaster risk insurance for microfinance institutions, flood risk insurance for low-income housing, hedging for volatile crop prices, and emergency liquidity facilities amongst other things. With the growth of the green bond market, that is another area to consider how GEF programs and projects can become bankable for bond markets.

## Global Environmental Need

40. Global demand for environmental finance far exceeds resources made available by donors, including those resources made available through the GEF. According to the CBD High-Level Panel, the estimated costs of meeting the Aichi Biodiversity Targets by 2020 are between US\$150 billion and US\$440 billion per year (HLP 2012).<sup>19</sup> Additionally, at its 13<sup>th</sup> COP, the UNCCD launched the Land Degradation Neutrality Fund with an initial target size of US\$300 million. Furthermore, an estimated minimum US\$ 5.7 trillion in funds is needed annually to prevent the detrimental impacts of climate change.<sup>20</sup> By comparison, global climate finance flows have fallen far short, ranging from US\$ 340-650 billion per year.<sup>21</sup> The International Energy Agency (IEA) estimates that an additional US\$ 1.1 trillion in low-carbon investments is needed every year on average between 2011 and 2050, in the energy sector alone, to keep global temperature rise below 2°C (see Box 1 for details). In cumulative terms, the world is falling further and further behind its low-carbon and climate-resilient investment goals, especially as the rate of climate change is accelerating;<sup>22</sup> currently at an estimated trajectory of 3.6°C in that period.

### Box 1: Facts and Figures: The Scale of Needed Investment

“The World Economic Forum (WEF) projects that by 2020, about US\$ 5.7 trillion will need to be invested annually in green infrastructure, much of which will be in today’s developing world and transition economies.

This will require shifting the world’s US\$ 5 trillion in business-as-usual investments into green investments, as well as mobilizing an additional US\$ 700 billion to ensure this shift actually happens.

The Climate Policy Initiative (CPI) estimates that we are currently at roughly US\$ 360 billion annually in public and private climate investments, with developed country governments providing somewhere between US\$ 10-20 billion per year, according to their fast-start finance reports and Organization for Economic Co-operation and Development (OECD) estimates.

When you consider these figures, the US\$ 100 billion annual goal that is usually referenced is only a small piece of the US\$ 5.7 trillion puzzle. Both public and private levels of funding need sustained growth to ensure that the global community gets on a pathway to meeting investment needs in 2020 and beyond.”

Source: Published by the World Resources Institute (WRI) and available at: <http://www.wri.org/our-work/project/climate-finance/climate-finance-and-private-sector> [Accessed June 30, 2017]

<sup>19</sup> CBD High-Level Panel (2014). Resourcing the Aichi Biodiversity Targets: An Assessment of Benefits, Investments and Resource needs for Implementing the Strategic Plan for Biodiversity 2011-2020. Second Report of the High-Level Panel on Global Assessment of Resources for Implementing the Strategic Plan for Biodiversity 2011-2020. Montreal, Canada

<sup>20</sup> World Economic Forum. 2013. Green Investment Report: The Ways and Means to Unlock Private Finance for Green Growth. Geneva: World Economic Forum.

<sup>21</sup> According to the Green Climate Fund’s *Complementarity and Coherence with Other Funds*, p. 1-2, “The growth in greenhouse-gas emissions is expected to come mainly from emerging markets – which require US\$4 trillion per year to build and maintain infrastructure. How these rapidly growing middle-income nations respond to their infrastructure needs will directly affect whether we can achieve the promise of the Paris Agreement.” (Executive Summary, Climate Investment Opportunities in Emerging Markets, IFC Analysis, 2016).

<sup>22</sup> In looking at different estimates of the funding gap it is important to see not only what data sources were used, but also what PPM scenario the numbers were calculated for. It is widely recognized that current data has large gaps in it. For example, OECD data does not include large countries like Brazil, Mexico. It did not start tracking climate change fund flows until last year, and is missing non-DAC data like funding flows from the private sector and NGOs. Also different data sets have different methodologies and cannot be viewed as comparable. Several

## Global Resources and Priorities

41. While there is an overall shortage of environment and climate funding, the GEF remains one of the main actors in the donor-funded multilateral landscape for addressing environment and climate issues. Its main “competitors” are the GCF and the CIF by size. Within the climate finance architecture, the GEF is the only institution that addresses all environmental issues rather than being limited to the climate change perspective. It has a history and standing as the financial mechanism of the conventions that its competitors don’t have. Given that the CIF only serves 48 countries at a country / programmatic level, the GEF provides better access to funds, especially for Least Developed Countries (LDCs), which generally receive far less funding relative to Middle Income Countries (MICs).

42. At a global level, most climate finance flows are currently coming from a limited number of Western donors. OECD climate finance flows are heavily tilted towards the Asia-Pacific region. Sub-Saharan Africa is mostly left out, with the exception of Kenya and South Africa that have more developed financial markets.<sup>23</sup> Importantly, private actors were the *largest* source of global climate finance in 2012 - 2013, and invested US\$ 193 billion, or 58 percent of total flows in 2013, primarily in carbon markets prior to the decline of the Clean Development Mechanism (CDM).<sup>24</sup> Trends in climate finance outlined above very much reflect perceptions of country risk (which has been documented as a barrier to investment across the board by all the funds). Commercial investors require relatively higher returns to reward them for taking on relatively higher country risk in emerging markets.<sup>25</sup> Some emerging markets are better developed than others and risk appetite varies by investors. However, there is a limit to how much risk investors will bear, with frontier markets being the hardest to find financing for. Thus, for example, the CIF/Clean Technology Fund (CTF) gets the most private sector investment, as its large infrastructure projects fit the risk profile of what commercial investors are more likely to invest in, where they can earn commercial returns.

43. With public and private investors investing more in rising MICs, this does not mean that financial resources are going to projects of highest environmental priority, as explained by GEF Operational Focal Points (OFPs) interviewed for this study. For example, Kenya has lost access to some bilateral funding because bilateral donors are increasingly more focused on commercial business models for MICs. This is an important recent development trend, with implications for environment and climate funding / financing, especially for GEF focal areas like

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initiatives are under way right now to try and fill in the data gaps. As of now, the Global Climate Policy Initiative’s *The Global Landscape of Climate Finance*, written in November 2014 is considered the best available estimate of trying to fill in the gaps. It also lists all the other sources of data and what the issues are with them. It took OECD as its base and then complemented and adjusted it based on data from other sources.

<sup>23</sup> Thus, it makes sense that Sub-Saharan Africa is not attracting climate funds as its financial markets are not as developed as the countries that are getting funding.

<sup>24</sup> This was driven by the demise of the Clean Development Mechanism (CDM) market, showing how policy and climate finance markets are intertwined. When more recent private sector data becomes available, it will be interesting to see how much private finance has continued to fall (since the decline from 2012 to 2013) and how much has been compensated for by continued decreasing technology costs for solar and wind.

<sup>25</sup> According to the 2014 Global Landscape of Climate Finance, almost three-quarters of climate finance flows were invested with the expectation of earning commercial returns. Of note, agriculture gets a very small percentage, given the availability of relatively more viable commercial investments related to climate change.

Biodiversity, International Waters and Land Degradation which are commercially less viable.<sup>26</sup> Indeed, Biodiversity is mostly funded by grants and/or public sector concessional finance. Transition MICs fear that with more commercial financing, there is a real risk that environmental considerations will not (adequately) be taken into account despite the growing need for such environmental priorities to be addressed in MICs.<sup>27</sup> Their experience illustrates that just because more donor, bilateral, MDBs, Development Finance Institution (DFI), and/or commercial investor financing is addressing climate finance, this does not necessarily mean it is funding areas of highest environmental priority. While renewable energy projects can now be more easily financed commercially with the help of climate finance, this does not automatically translate to addressing other environmental issues of equal or greater priority.<sup>28</sup> This also highlights the need for more integrated inter-disciplinary approaches to addressing environmental concerns, rather than siloed, climate change focused approaches. The GEF has responded to this need with the creation of its Integrated Approach Pilots (IAPs) and planned Impact Programs (IPs).

### **Parceling GEF Resources**

44. Against this background of donor funding scarcity and priorities, it is clear that the GEF's resources are modest – amounting to an estimated US\$ 4.43 billion for the 4-year 2014-2018 GEF-6 replenishment period. This reveals a large funding gap relative to the global need for environment and climate funds. This paucity in funding is widely recognized across the GEF.

45. In terms of regional distribution, the majority of GEF resources are currently allocated to Latin America and Caribbean (LAC), East-Asia and Pacific (EAP), and Sub-Saharan Africa (SSA) respectively. Global projects across sovereign boundaries are 8 percent of the total (see Figure 2 below). Of note, LAC and EAP have been very active regions in terms of renewable energy, biodiversity, and forestry for a long time.

46. The Middle East and North Africa is under-supported relative to the rest of the portfolio. On the one hand, the Middle East and North Africa is not being prioritized from the perspective of environmental needs. There are some exceptions, with Morocco, that has had a few very large projects, notably in Concentrated Solar Power (CSP) among others. On the other hand, Gulf Cooperation Council (GCC) countries are not being engaged as potential, non-traditional

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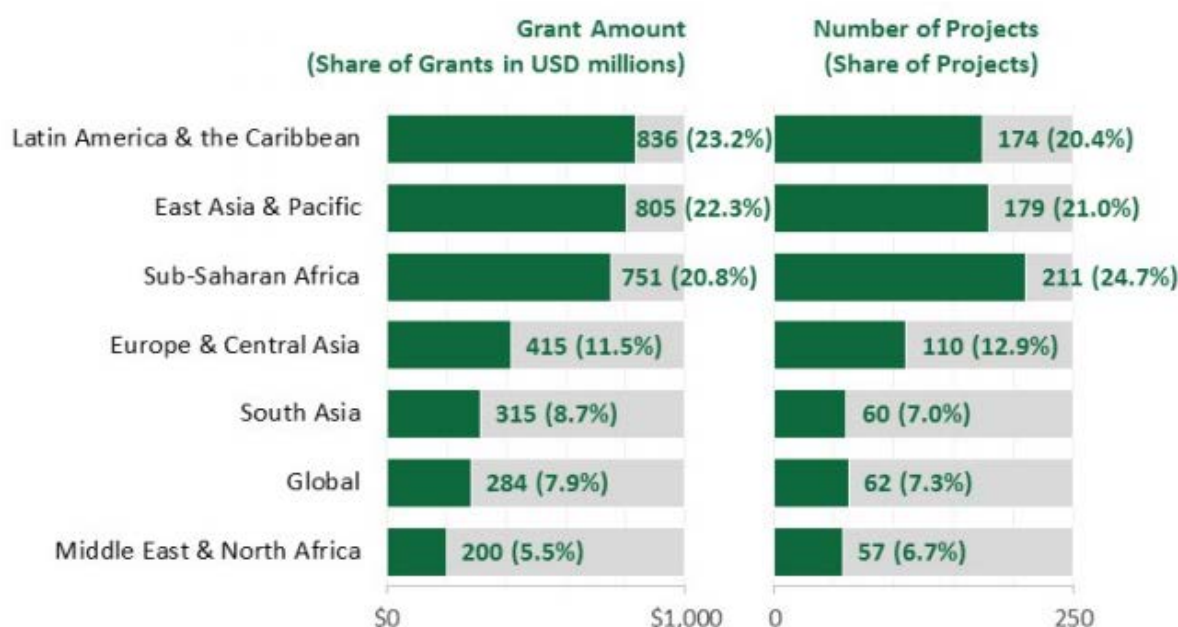
<sup>26</sup> For example, USAID has a number of grand challenges encouraging viable business models for development. Also, the World Bank has started Climate Innovation Centers (CICs) across the world. Finally, there is a fascination with establishing Silicon Valley type incubators and accelerators for development and environment. Such approaches are only viable for focal areas and projects where commercial business models can be developed (large solar or wind projects where there is a good feed-in tariff, for example) with enough barrier removal and capacity building. This is not the case for all focal areas, especially Biodiversity, International Waters, and Land Degradation.

<sup>27</sup> Despite a country preference to work with bilaterals, due to the relative ease of procedures and direct access that works with the beneficiaries (unlike the GEF, which hands control to its Agencies), such MICs are now in greater need of multilateral donor financing for environment, not less.

<sup>28</sup> Indeed, it can reduce access to donor funds for these issues, as in the case of Kenya. Moreover, with transition to MIC status, the nature of the needed engagement changes to be compatible with changing country conditions. Kenya perceives this as necessitating changing the focus to agriculture value chains and sustainable production in its case.

donors in an effort to close the funding gap. In our interviews, many current GEF donors expressed the need to engage non-traditional donors in the GCC and beyond.

*Figure 2: Grant Distribution of Projects by Region as of June 30, 2016<sup>29</sup>*



47. There is no convenient geographical aggregation for Small Island Developing States (SIDS) and fragile states given the breadth of very different attributes for each. At the same time, the GEF recognizes that SIDS, the Pacific, and fragile states warrant specific attention given their unique conditions. SIDS and the Pacific are particularly vulnerable to rising sea levels. They are experiencing climate change now, with some SIDS in need of urgent adaptation measures (e.g. Micronesia).

48. The most recent expansion of the GEF to 18 Agencies has increased inter-Agency competition. The World Bank and other MDBs emphasized the shortage of GEF funding and expressed frustration at not being able to get the size of funding required for the type of catalytic projects they wished to do. Convention secretariats indicated that the addition of new agencies has contributed to agency politics on the ground sometimes preventing country environmental priorities from being met.<sup>30</sup> With no corresponding increase in funding, the GEF expansion left Agencies competing with each other for the same pool of resources.

<sup>29</sup> Global Environment Facility. 2016. *Annual Portfolio Monitoring Report*. GEF/C.51/03. GEF, Washington DC

<sup>30</sup> Despite certainty stemming from their funding allocation through STAR, some countries express concern over having lost a measure of control over how this allocation is used. Countries rely on Agencies for the GEF project application process. Of note, given its size, UNDP has local presence in many countries in which the smaller Agencies cannot afford to work, leaving UNDP with a virtual monopoly there.

### 3. Donor Commitments

Finding 5: The vast majority of donors have delivered on their financial commitments to the GEF, as promised and on time. Meeting donor commitments is important to maintaining widespread confidence in the institutional mechanism overall. Despite the delivery of pledged commitments, the GEF has encountered a shortfall in funding in GEF-6 due to foreign exchange volatility. Currency hedging has not been used to manage foreign exchange risk. This has had detrimental effects on funding availability for GEF-6 projects, with direct implications for the approval of projects for both countries and Agencies, whose planning is based on donor commitments.

49. The GEF has relied on the same core set of donors over many years. Since its inception, the GEF has received contributions from 39 donor countries. According to the list of donors posted on the GEF website for the GEF-6 replenishment, donors pledged a record US\$ 4.43 billion for the GEF-6 period running from 2014 to 2018; with the notable addition of five, predominantly Middle-Income Countries (MIC) (as compared to the GEF-5 replenishment). The list of new donors includes Cote D'Ivoire and Pakistan.

50. Overall, donors mostly delivered on their financial commitments to the GEF, as promised and on time. As of the most recent report from the Trustee, 99 percent of GEF-6 pledges have been met (with small arrears from prior GEF replenishments lingering). As stated by many stakeholders across the GEF, meeting donor commitments, and doing so on time, is important for maintaining widespread confidence in the institutional mechanism. This is especially so in times of funding scarcity. Timing of payment also determines when and how the GEF can roll out programming and schedule funding of projects during each replenishment cycle.

51. Despite the delivery of pledged commitments, the GEF encountered a significant shortfall in available financial resources due to foreign exchange volatility. Given that donors do not pay one-hundred percent of their pledged commitments up front as per the tranching payment schedule agreed upon with the Trustee, future tranches are subject to foreign exchange volatility and are automatically exposed to currency risk. Over the course of GEF-6, US\$ appreciation led to a shortage of funds when converting from other donor currencies/Special Drawing Rights (SDRs) to US\$. While foreign exchange volatility is a normal and daily feature of capital markets, which the World Bank Treasury and Capital Markets group manages through hedging on a daily basis for the World Bank, the GEF has no financial mechanism (e.g. hedging) in place for managing such risk. This has had detrimental effects on the amount of funding available for GEF-6 projects; some projects could not proceed due to the resulting shortage of funding.

52. Donors are increasingly encouraging climate change/climate finance funds be used for *innovative* approaches rather than business-as-usual development. One reason for this is that donors now have to decide internally between allocating climate finance funds to their own bilateral climate finance programs, to those of multilateral actors, to the different multilateral actors (i.e. between GEF and GCF) while balancing multiple competing priorities within the ever shrinking pool of resources. Donors also demand that the SDGs are considered, including as part of framing Global Environmental Benefits (GEBs), when allocating GEF funds.

53. Still, donors surveyed express a willingness to consider “top-ups” of additional funding to their GEF contribution, and outside of STAR, for truly innovative work the GEF may want to pursue. Top-ups were most often mentioned in the context of innovative and/or private sector financing. In order to qualify, it was made clear that the GEF would need to enhance its capacity for innovative financing.

54. The GEF’s ability to offer grants and Non-Grant Instruments (NGIs) is much appreciated across the partnership. Noting that the GEF has historically accepted some risk exposure to facilitate innovation, there is GEF-wide support for innovative financing and risk-mitigation approaches to be further pursued and offered. This is a potential way for the GEF to further distinguish itself.

55. A key strategic and operational aspect of its work, the GEF’s new co-financing policy has been beneficial. Co-financing has allowed the GEF to access sizeable resources for its projects. It is recognized that the Multilateral Development Banks (MDBs) and certain focal areas (such as Climate Change) have greater capacity to generate co-financing. Co-financing commitments for GEF-6 projects exceeded the targets set by the GEF co-financing policy. Against the co-financing policy mandated target of 6:1, co-financing commitments so far for GEF-6 projects have been mobilized at a rate of 8.8:1 and across the GEF periods – from GEF-1 to GEF-6 – there has been a steady increase in the co-financing ratio of the GEF portfolio. Co-financing commitments were fully met for a majority (59 %) of completed GEF projects. However, there is confusion in Agencies around the application of the GEF aspirational ratio of 6:1.

56. Private sector investment and financing have an important role to play to close the funding gap. In the GEF the private sector portfolio is catalyzing private investment. Every \$1 from a GEF grant leverages a competitive ratio of \$8 in co-financing, compared to \$6 in co-financing estimated for the overall GEF portfolio. Three (\$3) out of \$8 in co-financing come from private sector investments, mostly in the form of equity investment. Beyond facilitating investment, the GEF also has a role to play in regulatory reform to facilitate environmental finance.

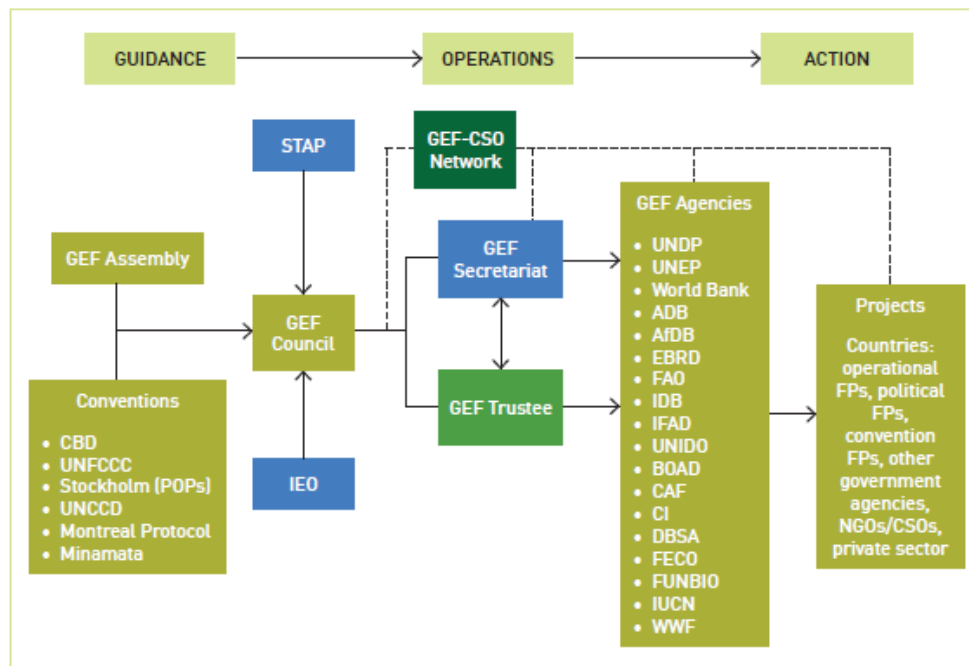
57. Evaluations on the non-grant instrument, the role of private sector, the Co-financing policy and STAR are presented in separate reports and are not included here.

#### IV. HEALTH OF THE EXPANDED GEF PARTNERSHIP AND GOVERNANCE STRUCTURE

##### 1. Introduction

58. The Global Environment Facility (GEF) is a unique partnership in many ways, comprising a number of different bodies and partners (Figure 3). The principal governing and administrative bodies are the GEF Council and the GEF Secretariat, respectively — the Chief Executive Officer (CEO) being both the head of the Secretariat and the co-chair of the Council. The Council functions under the guidance of the GEF Assembly and the Conference of the Parties (COPs) of the conventions, for which the GEF is the financial mechanism.

*Figure 3: The GEF Structure*



Source: GEF website: [www.thegef.org/gef/gef\\_structure](http://www.thegef.org/gef/gef_structure)

59. The Agencies are responsible for developing project proposals and for supervising the implementation of approved projects. Operational, Political and Convention Focal Points play important coordination roles regarding GEF matters at the country level, as well as liaising with the GEF Secretariat, GEF Agencies, and the conventions. All countries have Political and Convention Focal Points, while countries eligible for GEF project assistance also have Operational Focal Points (OFPs). The Scientific and Technical Advisory Panel (STAP) provides the GEF with scientific and technical advice on policies, operational strategies, programs and projects, while the Independent Evaluation Office (IEO) undertakes independent evaluations of GEF impact and effectiveness. The World Bank as Trustee helps with resource mobilization, manages donor contributions to the GEF trust funds, and facilitates the transfer of resources to the Agencies for preparing and implementing projects.

60. This section examines the governance of the GEF, and addresses how the health of the GEF partnership has changed since the Fifth Overall Performance Study (OPS5) of the GEF – health being defined as “the extent to which the structure of the partnership and the quality and relevance of interactions among the partners enable the GEF partnership to effectively and efficiently support the delivery of global environmental benefits.” In examining the governance and health of the partnership, this chapter addresses three major questions:

- (a) How have recent changes in the structure and mandates of the GEF partnership (Table 3) affected the organizational effectiveness of the partnership, including the key roles, functions, and relationships among the various partners?
- (b) How have recent changes in GEF policies and procedures affected the inter-organizational efficiency of the GEF partnership in relation to project programming?
- (c) How is the governance and administration of the GEF partnership affecting the organizational effectiveness and efficiency of the partnership?

**Table 3: Principal Changes in the Structure, Mandates, and Policies of the GEF Partnership for the Sixth Replenishment Phase (GEF-6)**

DATE	DECISIONS / EVENTS	REFERENCE DOCUMENT
2010–2016	The number of GEF Agencies expands from 10 to 18 (from 12 to 18 since the beginning of GEF-6)	GEF/C.39/7/Rev.2 November 18, 2010
May 2011	GEF Council approves the establishment of the Nagoya Protocol Implementation Fund (NPIF)	GEF/C.40/11/Rev.1 May 26, 2011
November 2012	GEF Council agrees to Increase the maximum size of Medium-Sized Project from US\$ 1 million to US\$ 2 million	GEF/C.43/06 October 15, 2012
November 2012	The GEF Secretariat and the World Bank initiate a project cycle harmonization pilot between the World Bank Group and the GEF	GEF/C.43/06 October 15, 2012
May 2013	GEF prepares to serve as the Financial Mechanism of the Minamata Convention on Mercury upon entry into force	GEF/C.44/04 May 21, 2013

DATE	DECISIONS / EVENTS	REFERENCE DOCUMENT
May 2014 /1	GEF Council adopts a revised co-financing policy for GEF-6, including the adoption of an aggregate aspirational ratio of 6:1	GEF/C.46/09 May 6, 2014
May 2014 /2	GEF Council adopts modifications to the STAR allocation system for GEF-6 intended to channel more resources to Least Developed Countries and Small Island Developing States	GEF/C.4605/Rev.01 May 19, 2014
May 2014 /2	GEF Council increases the set-aside for global and regional programs from US\$ 190 million in GEF-5 to US\$ 266 million in GEF-6, which includes the three Integrated Approach Pilot programs	GEF/C.4605/Rev.01 May 19, 2014
May 2014 /1	GEF Council increases the “private sector set-aside” from US\$ 80 million in GEF-5 to US\$ 110 million in GEF-6 for non-grant financial instruments	GEF/C.4605/Rev.01 May 19, 2014
October 2014	GEF Council approves a new project cancellation policy for projects approved in GEF-6	GEF/C.47/07/Rev.01 December 3, 2015.
December 2015	UNFCCC adopts the 2015 Paris Climate Agreement, among other things, requesting the GEF to establish a Capacity Building Initiative for Transparency (CBIT) trust fund	
June 2016	GEF Council approves the consolidation of all GEF project and program cycle policies in one document	GEF/C.50/08/Rev.01 June 9, 2016

DATE	DECISIONS / EVENTS	REFERENCE DOCUMENT
October 2016 /1	GEF Council adopts contingency measures to effectively manage the projected shortfall of US\$ 572 million in GEF-6, equivalent to 13% of the original GEF-6 envelope of US\$ 4,434 million	GEF/C.51/04 October 6, 2016

## 2. Expansion of the Partnership

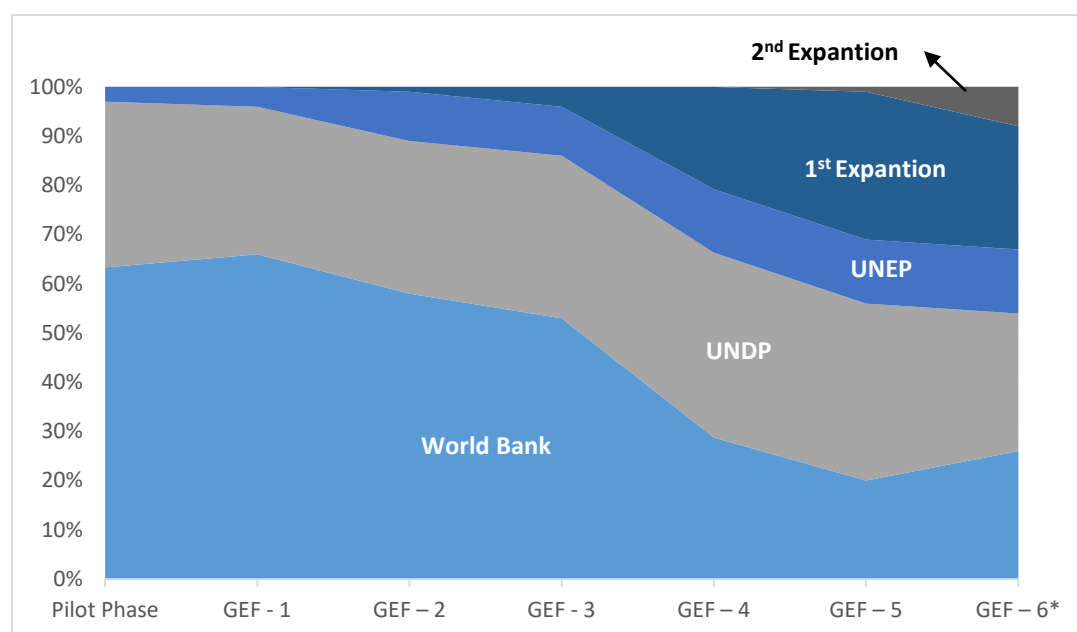
Finding 6: The expansion in the number of GEF Agencies from 12 to 18 in GEF-6 brings good potential along with challenges. There is potential for the increased diversity of Agencies to enhance the partnership's capacity to deliver global environmental benefits, but challenges of dealing with the greater competition among Agencies for GEF's limited resources. There is some evidence in relation to the three Integrated Approach Pilots of improved cooperation among the Agencies, drawing upon their respective advantages as Multilateral Development Banks, United Nations Agencies, and international Non-Governmental Organizations.

61. The major structural change in the GEF partnership in GEF-6 has been the increase in the number – and diversity – of Agencies from 12 to 18, thereby concluding the second expansion phase of the GEF partnership, after the first expansion phase from 3 to 10 Agencies during 2001 to 2008. Representatives of all stakeholder groups have generally viewed this expansion to be a positive development in the GEF partnership, drawing in new ideas, energy and capacity, although with little or no appetite for continued expansion until the effects of this expansion have been absorbed. Some of the new Agencies — such as Conservation International (CI), the International Union for Conservation of Nature and Natural Resources (IUCN), and the World Wildlife Fund-US — were already experienced executing agencies for GEF projects, and therefore with less of a learning curve than the other new Agencies.

62. The increased number of Agencies, the STAR allocation system, and the resulting small scale of GEF resources allocated to many countries have contributed to increased competition among Agencies for GEF resources at the country level. There is essentially universal agreement that the current arrangements have advantaged United Nations Development Program (UNDP) and some other United Nations Agencies at the expense of the Multilateral Development Banks (MDBs), especially the World Bank and including International Fund for Agricultural Development (IFAD). UNDP has not only a widespread country presence but also closer relationships with senior government officials and a stronger need to generate administrative fees (from implementing GEF projects) to pay its own staff salaries. The relative predictability of STAR allocations enabled UNDP to lock up a lot of GEF-6 STAR allocations even before the GEF-6 replenishment period began. Such first-in programming works less well for the MDBs. The increasing share of the first and second sets of new Agencies has come at the expense of the World Bank's share (Figure 4). Both UNDP and United Nations Environment Program (UNEP)

have essentially retained their long-term shares of 33 percent and 11 percent, respectively, through GEF-6. The newest eight Agencies have so far realized eight percent collectively of GEF-6 commitments.

**Figure 4: Shares of GEF Commitments, by Lead Agencies and Replenishment Phase**

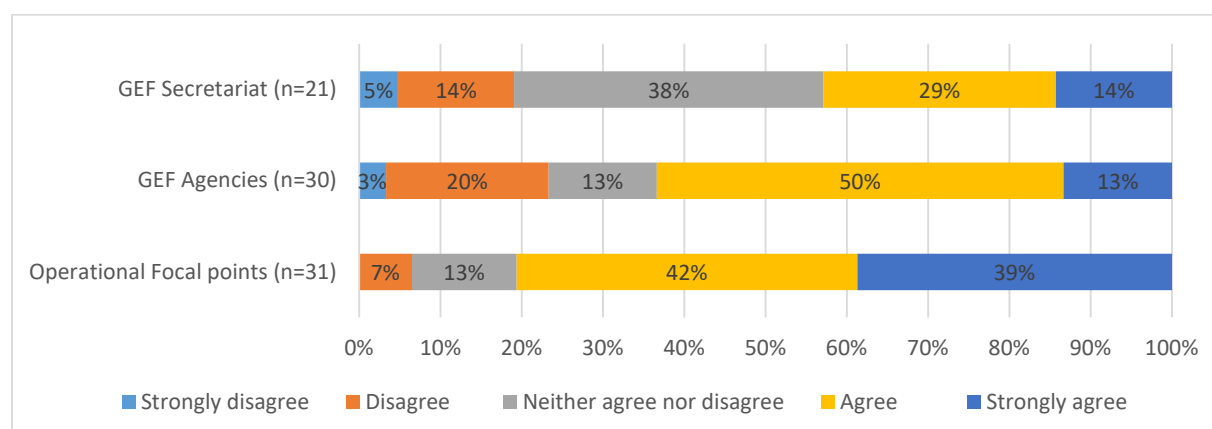


Source: Calculated from GEF PMIS

63. Representatives of the conventions questioned whether the current arrangements were leading to countries choosing their highest priority or most needful projects from an environmental point of view. They felt that the selection of projects resulted less from a considered discussion among the GEF partners and more from the competition among the Agencies, the incentives faced by the Agencies, and what the Agencies preferred to deliver.

64. The GEF Agencies now comprise 6 MDBs (including IFAD), 4 UN Agencies, 3 international NGOs focusing on biodiversity conservation, three regional development banks (West African Development Bank (BOAD), Development Bank of Latin American (CAF) and Development Bank of Southern Africa (DBSA)), and two national organizations (Foreign Economic Cooperation Office, Ministry of Environmental Protection of China (FECO) in China and Brazilian Biodiversity Fund (FUNBIO) in Brazil). This expansion has provided wider geographic coverage and Agencies that specialize in certain focal areas such as United Nations International Development Organization (UNIDO) for Chemicals and Waste, African Development Bank (AfDB) and International Fund for Agricultural Development (IFAD) for land degradation, and the International Non-Governmental Organizations (INGOs) for biodiversity conservation. However, only a modest 65 percent of survey respondents agreed or strongly agreed that the GEF's comparative advantage stemmed from the diversity of its Agencies. The OFPs responding to the survey value the diversity of the Agencies significantly more than GEF Secretariat staff, 81 percent to 43 percent (Figure 5).

**Figure 5: Survey responses to question “To what extent do you agree that GEF’s comparative advantage as a funding mechanism stems from the diversity of its Agencies?”**



Source: Stakeholder survey – The distribution of responses among the three stakeholder groups is statistically significantly different at the 90% level of confidence

65. Eighty-eight percent of OFPs responding to the survey agree or strongly agree that the expanded partnership offers increased choice for countries in programming GEF resources, and 77 percent that the GEF effectively supports country-owned strategies for addressing environmental concerns. Secretariat staff countered that so far, the diversity is more apparent than real. The three original Agencies still provide the widest geographic scope and most countries with small System for Transparent Allocation of Resources (STAR) allocations only have a few Agencies to choose from. Only 36 percent of GEF Agency representatives and 25 percent of GEF Secretariat agree or strongly agree that expanding the partnership to 18 Agencies has increased the GEF’s effectiveness in delivering Global Environmental Benefits (GEBs).

66. Some Agency coordinators see the increased diversity in the GEF Agencies as creating the potential for the Agencies to work more closely together by capitalizing on possible synergies arising from this diversity – the Multilateral Development Banks (MDBs) bringing in the co-financing, the UN Agencies providing the technical support, and the INGOs connecting to country-level communities – similar to the “distinctive areas of emphasis” envisaged among the three original Agencies and still laid out in the GEF Instrument. There is some evidence that this may be happening in the context of the three Integrated Approach Pilot (IAPs) in GEF-6. Seven Agencies are partnering in the Sustainable Cities and Food Security IAPs and six Agencies are partnering in the Commodities IAP.

67. However, competition among the Agencies remains strong, and the transactions costs associated with the Agencies working together on single projects remain large. As more GEF resources are allocated to IAPs in GEF-6 and IPs envisaged in GEF-7, the relationships among Agencies are becoming more complex. While IAPs enable Agencies to play up to their own comparative advantages, there is need for better ground rules to mitigate frictions among the partners. There needs to be incentives for the Agencies to work together.

### 3. Responsiveness to Conventions.

Finding 7: The GEF has been responsive to Conventions: it responded expeditiously to the Paris Agreement's request to establish the new Capacity-Building Initiative for Transparency.

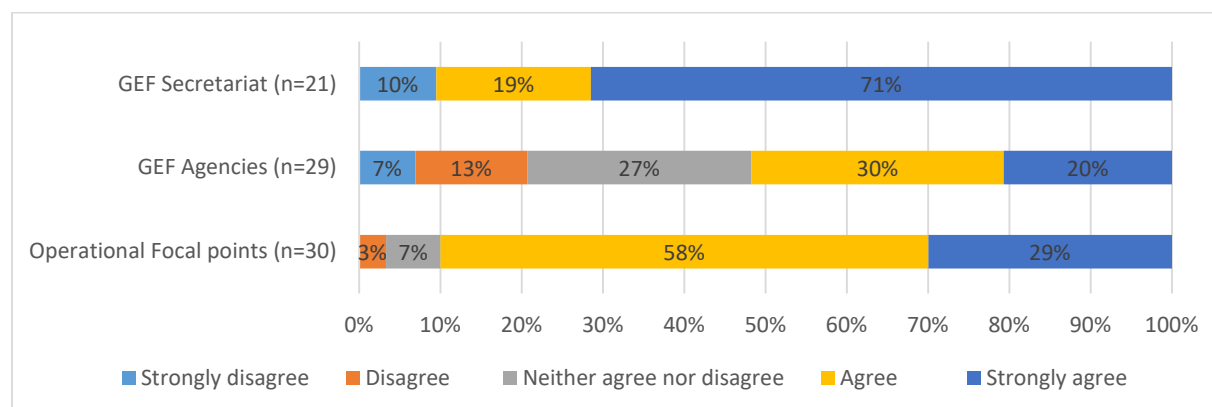
68. As the financial mechanism for Multilateral Environmental Agreements (MEAs) / conventions, the GEF receives guidance from the MEAs during the negotiations preceding each replenishment phase, which in turn influences the Programming Directions for the upcoming phase. Convention guidance also has an impact through the countries that are signatories to the conventions, who as signatories incorporate convention guidance in their national strategies, policies, and priorities, the implementation of which the GEF supports.

69. Additional mandates and guidance can also occur in the middle of a replenishment phase. Indeed, the major additional mandate in GEF-6 has been the Paris Climate Agreement in December 2015, since this is the first time that developing countries have agreed to certain obligations in a climate change agreement or protocol. Now that they have agreed to report their progress towards their Intended Nationally Determined Contributions (INDCs), the Paris Agreement also requested that the GEF establish and operate the Capacity-Building Initiative for Transparency (CBIT) Fund to support developing country Parties with tools, training and assistance to meet the enhanced transparency requirements and accuracy in measuring Greenhouse Gas (GHG) emissions (Paris Agreement, paragraphs 85 to 89). The GEF Council approved the establishment of the CBIT Trust Fund at its 50th Council meeting in June 2016, and the Fund became operational in November 2016, with eleven donors pledging more than US\$ 50 million to the Fund and with the first three projects approved for Kenya, Costa Rica, and South Africa.

70. Two other recent changes, which occurred in the middle of GEF-5, were the establishment of the Nagoya Protocol Implementation Fund (NPIF) in June 2011 and the adoption of the Minamata Convention to reduce and eliminate mercury pollution in October 2013. The Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization is a protocol under the Convention on Biological Diversity. Subsequent to becoming a financial mechanism for the Minamata Convention, the GEF consolidated its work on persistent organic pollutants (POPs), ozone-depleting substances, mercury and its Strategic Approach to Integrated Chemicals Management (SAICM) into a single Chemicals and Waste focal area.

71. Overall, survey respondents view the GEF as responsive to the requests of the conventions. About 76 percent of respondents agree or strongly agree that the GEF's ability to quickly respond to convention requests (e.g. such as establishing the CBIT) was an important element of its comparative advantage. However, there are some significant differences among the responses of different stakeholders (Figure 6). Only 50 percent of GEF Agency respondents agree compared to 90 percent of GEF Secretariat staff and OFPs.

**Figure 6: Survey responses to question “To what extent do you agree that GEF’s comparative advantage as a funding mechanism stems from its ability to quickly respond to Convention requests?”**

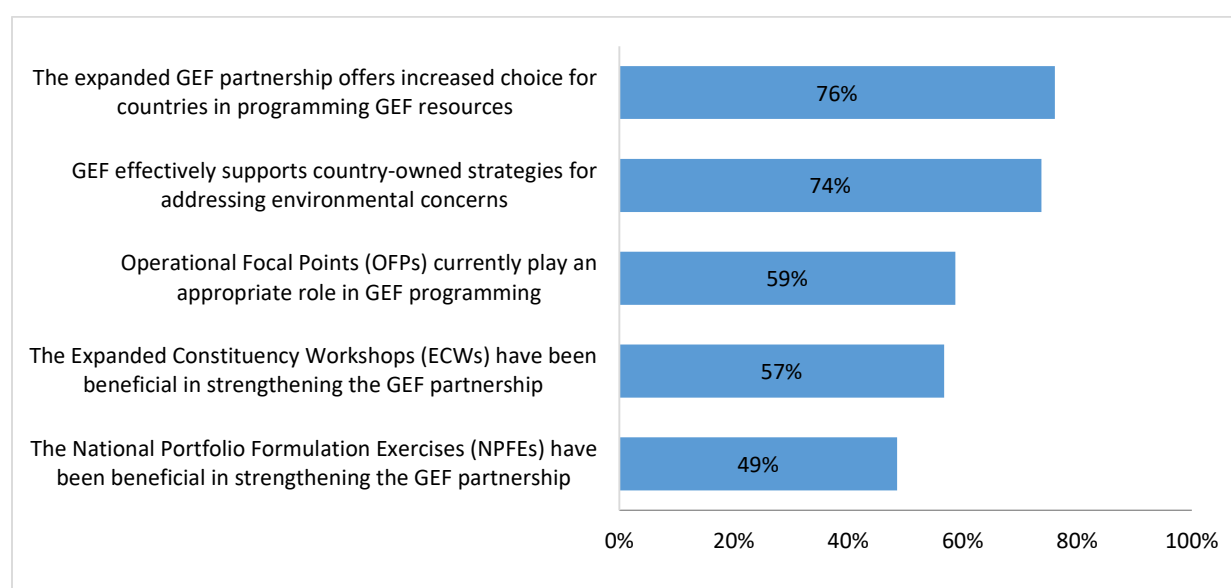


Source: Stakeholder survey – The distribution of responses among the three stakeholder groups is statistically significantly different at the 99% level of confidence.

72. Representatives of the conventions also noted the practical difficulties in such a large partnership influencing the Programming Directions for each replenishment phase and the actual programming during each phase. During the replenishment negotiations, the donors (who tend to represent finance or development ministries) have a larger say than the convention representatives (who tend to represent environment ministries). Some of these issues have been addressed; for example, the CBD has eliminated repetitive messages and updated its guidance. Guidance often represents the lowest common denominator on which convention signatories can agree, and its specificity varies across conventions. For instance, guidance from the CBD tends to be explicit and technical, establishing (1) a consolidated list of program priorities that defines what should be financed and (2) an outcome-oriented framework taking into account the Strategic Plan for Biodiversity 2011–2020, including its Aichi Biodiversity Targets and associated indicators.

73. Representatives of the conventions and the CSO Network also noted inadequate communication and coordination between Operational and Convention Focal Points at the country level. In response, the team of four country relations officers in the GEF Secretariat now organize up to 18 Expanded Constituency Workshops (ECWs) a year aimed at keeping the Operational and Convention Focal Points, CSOs, and other key stakeholders abreast of GEF strategies, policies and procedures and to encourage coordination. The workshops have helped to increase communications between the Operational and Convention Focal Points (Figure 7).

**Figure 7: Survey Responses Related to Country Programming and ECWs**



#### 4. Inter-Organizational Efficiency in Project Programming

**Finding 8:** The new cancellation policy and the consolidation of GEF project and program cycle policies in one document is enhancing inter-organizational efficiency in project programming.

74. Some new policies and practices introduced in GEF-6 have had beneficial effects on the efficiency of project programming. Seventy-two percent of survey respondents agree or strongly agree that the new Cancellation Policy in GEF-6 has helped speed up the project preparation process between Council approval and CEO endorsement, and 70 percent indicate that the recent consolidation in GEF-6 of the Project and Program Cycle Policies of the GEF into one document has been very helpful. GEF Agency coordinators are particularly supportive of the new cancellation policy, citing several specific cases where long-delayed project preparations were speeded up due to the new policy.

75. The increase in the maximum size of medium-sized projects (MSPs) from US\$ 1 million to US\$ 2 million in 2012 has not resulted in more MSPs as intended. The number of MSPs declined from 33 percent of the portfolio in GEF-4 to 21 percent in GEF-5 and to 18 percent so far in GEF-6. The volume in US\$ millions also declined from nine percent of the portfolio in GEF-4 to 7 percent in GEF-5 and to five percent so far in GEF-6. However, the average size of MSPs has increased from US\$ 0.85 million in GEF-4 to US\$ 1.27 million in GEF-5 and to US\$ 1.47 million so far in GEF-6. Most GEF Agencies still prefer to program larger, full-sized projects, notwithstanding the additional requirement for Council approval at the concept stage, because MSPs are less economical in terms of the administrative fee structure.

76. Seventy-three percent of survey respondents agree that GEF Program Managers provide adequate guidance and support for strengthening weak but promising proposals, but only 55 percent of respondents agree that GEF project review criteria are effective for weeding out

weak proposals. There are also some significant differences among stakeholder groups regarding the guidance and support that Program Managers provide. Only 50 percent of GEF Agency representatives agree compared to 88 percent of GEF Secretariat staff that Program Managers provide adequate such guidance and support.

77. 26 percent of survey respondents agree that efforts to harmonize Agency and GEF project cycles have been adequate. Coordinators of the first ten Agencies identify the biggest bottleneck to be the semi-annual approval of project concepts at the Council meetings, so that the PIFs tend to pile up 1½ months before each Council Meeting, at which time the GEF Secretariat distributes the concept documents to Council members for review. Sixty-four percent of survey respondents agree or strongly agree – with no significant differences among stakeholder groups – that Council should consider granting more delegated authority to approve new projects at the PIF stage in between Council meetings. Several Agency coordinators recommend approving project concepts on a rolling basis to alleviate this bottleneck.

78. Coordinators of the newer Agencies are more positive about the GEF project cycle. They see the GEF as having higher standards than their own organizations in terms of policies, procedures, guidelines, monitoring and evaluation, and the GEF Secretariat to be very helpful and professional in helping them to learn about the GEF’s administrative processes. They are aiming to align their own projects with the GEF project cycle and thereby raise their standards to GEF standards over the next 3-4 years.

79. The World Bank and the GEF Secretariat now have four years’ experience with the WBG-GEF harmonization pilot that was introduced in November 2012. GEF Program Managers participate in World Bank decision meetings at the concept and approval stages, and also in quality enhancement reviews. The World Bank also frequently arranges for pre-meetings before decision meetings to allow more time for discussion. In turn, the Bank provides the Council and the Secretariat with its own documentation at both the Council approval and Chief Executive Officer (CEO) endorsement stages, as opposed to using the GEF templates. Both sides have now become accustomed to this way of aligning the World Bank and GEF project cycles and see benefits in maintaining things as they are. There is no movement to change things, except the suggestion to remove the word “pilot,” and no plans to extend this to other Agencies.

## **5. Governance of the Partnership**

Finding 9: The GEF Partnership is effectively governed overall. The GEF Instrument does not fully and accurately reflect the way in which the partnership is actually functioning today. Concerns related to the GEF governance structure remain, related to matters of representation, efficiency, accountability, and transparency, including the independence of the Council chair

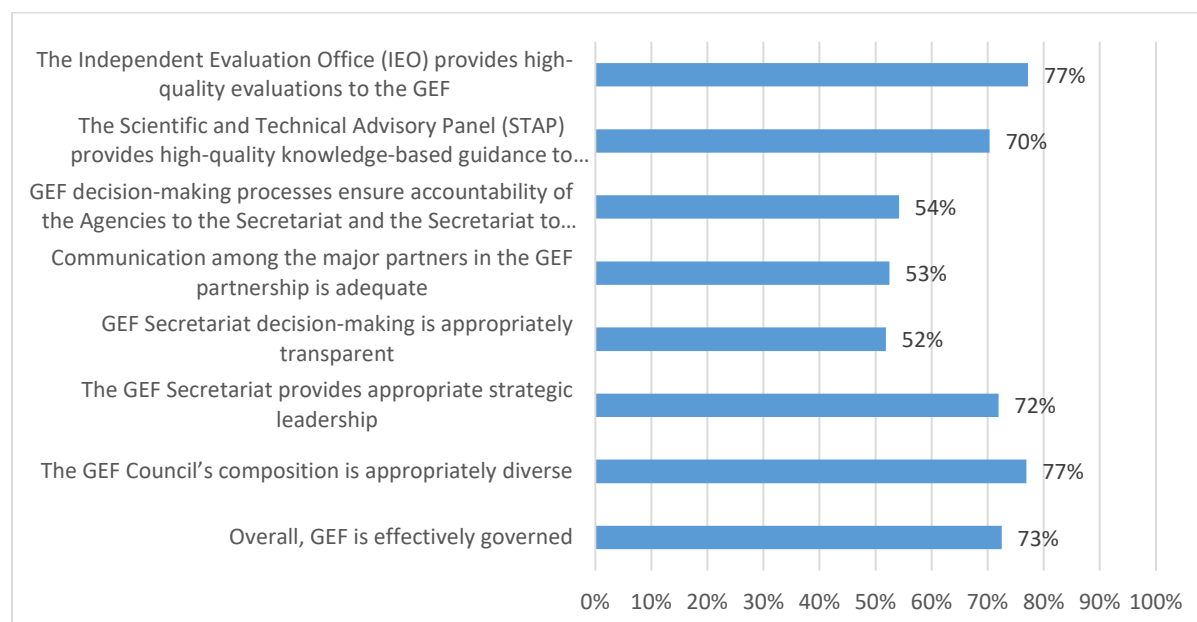
80. This section addresses selected issues related to the governance of the partnership that emerged from reviewing the relevant documentation, stakeholder interviews, and the survey,

while at the same time comparing the governance arrangements of the GEF with six comparator organizations — the Consultative Group on International Agricultural Research (CGIAR), the Global Alliance for Vaccines and Immunization (GAVI), the Global Fund to Fight AIDS, Tuberculosis and Malaria, the Global Partnership for Education (GPE), the Climate Investment Funds (CIF), and the Green Climate Fund (GCF). This comparative analysis draws upon the most recent constitutive documents of these organizations as well as their recent evaluations because the legitimacy and effectiveness of an organization’s governance cannot be discerned only by looking at its governance arrangements. These also depend upon the history and culture of each organization.

81. The six comparators and the GEF are the seven largest global partnership programs that are providing grant financing for country-level investments in developing countries on a large scale by means of donor trust funds established for their respective purposes. All are non-profit organizations. Two are legally incorporated as international organizations (CGIAR and GCF), two are non-profit foundations under Swiss law (GAVI and Global Fund), and the remaining three (GEF, GPE, and CIF) are hosted by the World Bank. However, while the Bank administratively supports the secretariats of the latter three organizations, the GEF Secretariat operates in a more “functionally independent” manner from the Bank than the GPE or CIF. The World Bank is the sole trustee for four programs (GEF, Global Fund, GPE, and CIF), the most important trustee for the CGIAR, and the treasury manager and financial platform for two programs (the International Finance Facility for Immunization (IFFIm) and the Advanced Market Commitment (AMC) for pneumococcal vaccines) that raise funds for GAVI. The Bank was also the interim trustee of the GCF. All seven programs have formally subscribed to the Paris Declaration of country ownership, alignment, harmonization, managing for results, and mutual accountability.

82. Based on interviews and the survey, the perspectives of GEF stakeholders (both positive and negative) on the legitimacy and effectiveness of the governance of the GEF partnership are the most uniform among all the issues discussed in this chapter. Seventy-three percent of survey respondents express that the GEF is effectively governed overall (Figure 8). There are no significant differences in the distribution of responses among stakeholder groups to any of the statements in this figure.

**Figure 8: Survey responses to question “To what extent do you agree with the following statements related to the effectiveness of the current governance arrangements of the GEF partnership?”**



Source: Stakeholder survey. No. of respondents = 82

83. Representatives of all stakeholder groups indicate that the governance structure has served the GEF reasonably well. Council members are engaged. There is a high level of trust, good will, and sense of common purpose. Decision-making is by consensus. The STAP and the Independent Evaluation Office (IEO) provide some checks and balances.

### **Representation and Voice**

84. The GEF is clearly a legitimate organization in terms of the way in which governmental and managerial authority is exercised in relation to stakeholders with a clear interest in the program. Similar to the other six organizations, both the Assembly and the Council comprise voting representatives of donor and recipient governments. The GEF is also the financial mechanism of Multilateral Environmental Agreements (MEAs) and conventions, in turn adopted by the governments of the world. Recognizing the major roles that Civil Society Organizations (CSOs) have played in almost all countries in bringing environmental issues to the attention of national governments, and the role that CSOs play in increasing the visibility of the GEF on the ground, the Council has also made a concerted effort, since the establishment of the GEF-CSO Network in 1995, to give CSOs a voice in decision-making, even though they are not voting members of the Council. The Council has provided almost US\$ 500,000 a year for the past five years to enable CSO Network members to participate in Council meetings and CSOs to participate in Expanded Constituency Workshops (ECWs). The recent IEO evaluation of the CSO Network found that “the GEF-CSO Network continues to be relevant and is delivering results to the GEF partnership... It performs well influencing the policy agenda and increasing CSOs’ understanding of the GEF.”

85. In addition to donor and recipient governments, the governing bodies of GAVI and the Global Fund include voting representation from civil society and the private sector, and the constitutive documents of the CGIAR, Global Fund, CIF and GEF explicitly specify other forms of participation in their governing bodies such as ex-officio non-voting members, active observers, accredited observers, or simply observers, typically from related organizations, civil society and the private sector. While the GEF Council admits ex-officio non-voting members and observers to its meetings, the GEF Instrument does not specify either their personalities or the types of participation permitted, a matter needing to be addressed. The only current reference to observers in the GEF Instrument is the authority granted to the Assembly and the Council in paragraph 25(a) to “determine any aspect of their respective procedures, including the admission of observers.”

86. While the 18 Agencies also attend Council meetings as observers, their representatives explain that they have less voice at the GEF Council than the CSO Network (or that they used to have). Before the expansion in the number of GEF Agencies, the three original Agencies used to collaborate with the GEF Secretariat in preparing various policy and strategic documents. As the number of Agencies has expanded and the GEF Secretariat has grown over time, the Secretariat’s role in the preparation of GEF policy and strategic documents has increased, while that of the Agencies has become less *collaborative* and more *consultative*. Today, the situation has evolved into one in which the Agencies largely review and comment on documents produced by the GEF Secretariat, and produce reports at the specific requests of the GEF Council and the Participants at the GEF Replenishments. The three original Agencies also used to participate more actively in policy and strategic discussions at the GEF Council, even though they were invited observers with no formal vote. Today, they have little role or influence in decision-making: they largely answer questions when asked. This is inconsistent with the spirit of several provisions in the GEF Instrument such as paragraph 21(c).

87. The CGIAR faced a similar situation before it initiated its governance reforms in 2010 and again in 2015. Evaluations in 2003 and 2008 both found that the 15 international research centers who actually conduct the System’s agricultural and environmental research – similar to the 18 Agencies who actually prepare and supervise the implementation of GEF projects – had little influence over the policy and strategic direction of the CGIAR, since they were only observers, not voting members of the CGIAR’s governing body. This lack of influence and the increasing share of restricted (as opposed to core) funding by the donors were two of the main drivers behind the CGIAR’s governance reforms. The current framework and charter of the CGIAR provide, in addition to the System Council, for a Management Board consisting of 7 representatives of Center Board members or Directors General, as well as 2 independent members, one of whom serves as chair of the Management Board.<sup>31</sup>

## **Efficiency**

88. As the 2009 evaluation of the governance of the GEF found, the large size of the Council (32 members) has enabled good regional balance in terms of representation and opportunity for members to have their views considered in decision making processes. However, unlike

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<sup>31</sup> CGIAR Consortium, 2016. *Charter of the CGIAR System Organization*. Article 7.

other partnership programs, the GEF Council has only one standing committee. The six other partnership programs have all established standing committees of their governing bodies and specified these in their constitutive documents, to enhance efficiency of decision making. These include committees such as Strategy and Impact Committee, Audit and Finance Committee, Investment Committee, and Fund Raising Committee. The Council may consider drawing on the experience of these other partnerships to assess the merits of delegation.

89. The Assembly activities at the end of the replenishment process, involving all 183 GEF members, have been largely formal and ceremonial. The 2009 evaluation found that the Assembly as it then operated – and still operates – was not playing an effective role, had not provided strategic direction, had contributed little to GEF governance, and was not cost-effective. An important recommendation from the 2009 evaluation could be pursued; that the Assembly become a forum for discussion and coordination of all funding devoted to environmental programs and projects, but in collaboration with the CIF and the GCF, similar to the current CIF Forum currently held every 18 months.

### **Accountability**

90. Accountability concerns the extent to which an organization makes, accepts, and fulfills its commitments along the chain of command and control, in the GEF case, starting from the Assembly and going down to the Council, the CEO, the Secretariat, the Implementing Agencies and the executing agencies. Paragraph 21 of the GEF Instrument, for example, specifies that “the CEO shall be accountable for the performance of Secretariat functions to the Council,” and paragraph 22 that the Agencies “shall be accountable to the Council for their GEF-financed activities, including the preparation and cost-effectiveness of GEF projects, and for the implementation of the operational policies, strategies and decisions of the Council within their respective areas of competence and in accordance with an interagency agreement to be concluded on the basis of the principles of cooperation set forth in Annex D.” However, with the expansion in the number of Agencies and the growth of the Secretariat, the Agencies are now more accountable in practice to the Secretariat, as opposed to the Council. While 72 percent of survey respondents believe that the GEF Secretariat provides appropriate strategic leadership, only 54 percent indicate that GEF decision-making processes ensure accountability of the Agencies to the Secretariat and the Secretariat to the Council (Figure 8).

91. The 2009 evaluation found some overlapping governance and management functions, which still exists today, with the Council performing some functions generally regarded as management and the Secretariat performing some governance functions. The Council still spends about 20 percent of the time during its semi-annual meetings reviewing individual projects in the proposed work program because some of the largest contributors retain a keen interest in continuing to be involved in the project cycle of GEF-supported projects. The GEF Instrument (in paragraphs 20 (c) and (d)) still gives the Council a role in reviewing individual project documents.

92. The major difference between the governance of the GEF and that of the six comparator organizations is the absence of an independent chair. While the GEF combines the offices of CEO and Chairperson of the Council, all six of the comparator organizations have an

independent chair appointed or selected for terms of one to four years, and generally renewable. Some of their constitutive documents also specify additional duties for the chair in between board meetings such as representing the organization at external meetings, advocacy, fundraising, and taking urgent decisions on behalf of the board. By contrast, the GEF does not have a chair other than the CEO in between Council meetings, since the elected co-chair for each Council meeting serves only for that particular meeting. And while the CEO and co-chair share responsibility, according to paragraph 18 of the GEF Instrument, for presiding over different issues being addressed by the Council, the CEO is in command of the most substantive issues. Differentiating the roles of chair and CEO would give the chair the clear authority to run Council meetings and speak on behalf of the Council in between meetings. It would also allow CEO to focus on strategy, operations, and organizational issues while the chair focuses on Council leadership, management oversight, and other governance-related matters.













### **Transparency**

93. The 2009 evaluation of the governance of the GEF concluded that GEF governance compared well with that of other organizations in terms of transparency, and OPS5 found that GEF has continued to be one of the most transparent international organizations as far as its governance is concerned. As part of this study we find that the GEF continues to be a transparent organization in terms of its governance, but is less so in terms of its management. Only half of stakeholder respondents to a survey on GEF governance believe that the operational decision making is appropriately transparent. While acknowledging the practical difficulties entailed in explaining all Secretariat decisions within an expanded partnership, concern was expressed by all groups of stakeholders on inadequate clarity and communication of programming decisions, project review criteria, project selection, and the initial preparation of the IAPs in GEF-6. During interviews, concerns were raised on the communication of Agency selection by country operational focal points, with projects being awarded to Agencies based on their country presence and not necessarily based on their comparative advantage.



## ANNEX 1

### Survey results

#### 1.1 Please identify your primary affiliation for the purpose of this survey:

Response	Chart	Percentage	Count
GEF Secretariat		22.1%	25
GEF Agency: United Nations		15.0%	17
GEF Agency: Multilateral Development Banks		11.5%	13
GEF Agency: Non-Governmental Organization		3.5%	4
GEF Agency: National (FECO, FUNBIO)		1.8%	2
Multilateral Environmental Agreements (MEAs) / Conventions		3.5%	4
Operational Focal Point: Least Developed Country (LDC)		8.8%	10
Operational Focal Point: Small Island Developing State (SIDS)		6.2%	7
Operational Focal Point: Middle Income Country (MIC)		12.4%	14
Operational Focal Point High Income Country (HIC)		2.7%	3
Scientific and Technical Advisory Panel (STAP)		7.1%	8
None of the Above		5.3%	6
Total Responses			113

#### 1.2 Are you a Council Member?

Response	Chart	Percentage	Count
Yes		29.3%	12
No		70.7%	29
Total Responses			41

#### 2.1 To what extent do you agree that GEF's comparative advantage as a funding mechanism stems from the following:

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Don't know or N/A	Total Responses
Its alignment with Multilateral Environmental Agreements (MEAs) / Conventions	2 (2.1%)	2 (2.1%)	5 (5.2%)	30 (31.2%)	57 (59.4%)	0 (0.0%)	96
Its ability to help countries meet their commitments to MEAs / Conventions	2 (2.1%)	2 (2.1%)	9 (9.4%)	32 (33.3%)	51 (53.1%)	0 (0.0%)	96

<b>Its flexibility in addressing new and emerging environmental issues</b>	2 (2.1%)	11 (11.6%)	15 (15.8%)	43 (45.3%)	22 (23.2%)	2 (2.1%)	95
<b>Its ability to support innovative programming / projects that cut across multiple environmental issues / focal areas (e.g. Integrated Approach Pilots/IAPs)</b>	2 (2.1%)	5 (5.3%)	9 (9.5%)	40 (42.1%)	38 (40.0%)	1 (1.1%)	95
<b>Its geographic scope and coverage</b>	2 (2.1%)	4 (4.2%)	13 (13.7%)	33 (34.7%)	43 (45.3%)	0 (0.0%)	95
<b>Its historical track record as the principal source of environmental funding / finance since the 1990s</b>	3 (3.2%)	4 (4.2%)	17 (17.9%)	31 (32.6%)	39 (41.1%)	1 (1.1%)	95
<b>Its broad coverage of environment issues rather than any one specific issue area (e.g. Climate Change)</b>	1 (1.1%)	3 (3.2%)	1 (1.1%)	42 (44.2%)	48 (50.5%)	0 (0.0%)	95
<b>Its alignment with the Sustainable Development Goals (SDGs)</b>	1 (1.1%)	4 (4.2%)	23 (24.2%)	34 (35.8%)	31 (32.6%)	2 (2.1%)	95
<b>The diversity of its Agencies</b>	2 (2.1%)	14 (14.7%)	17 (17.9%)	41 (43.2%)	21 (22.1%)	0 (0.0%)	95
<b>Its ability to work with civil society</b>	1 (1.1%)	10 (10.5%)	19 (20.0%)	46 (48.4%)	15 (15.8%)	4 (4.2%)	95
<b>Its pursuit of innovative approaches to environmental finance</b>	3 (3.4%)	8 (9.0%)	18 (20.2%)	31 (34.8%)	26 (29.2%)	3 (3.4%)	89
<b>Its ability to engage the private sector</b>	8 (9.0%)	17 (19.1%)	23 (25.8%)	29 (32.6%)	9 (10.1%)	3 (3.4%)	89
<b>Its ability to play a catalytic role in the development of other environmental Trust Funds (e.g. Least developed Countries Fund/LDCF, Special Climate Change Fund/SCCF)</b>	3 (3.4%)	5 (5.6%)	19 (21.3%)	32 (36.0%)	24 (27.0%)	6 (6.7%)	89
<b>Its ability to quickly respond to Convention requests (e.g. such as establishing the Capacity Building Initiative for Transparency/CBIT)</b>	4 (4.5%)	7 (7.9%)	10 (11.2%)	35 (39.3%)	31 (34.8%)	2 (2.2%)	89

## 2.2 Please provide 1-3 concrete examples demonstrating the GEF's comparative advantage as a funding channel (up to 50 words per example).

Variable	Response
1.	The 61 response(s) to this question can be found in the appendix.
2.	The 50 response(s) to this question can be found in the appendix.
3.	The 34 response(s) to this question can be found in the appendix.

### 3.1 To what extent do you agree with the following statements related to the adequacy of donor funding / financing?

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Don't know or N/A	Total Responses
The GEF should utilize both 'Grant' and 'Non-Grant' financing instruments	3 (3.3%)	11 (12.1%)	10 (11.0%)	39 (42.9%)	26 (28.6%)	2 (2.2%)	91
GEF's approach to co-financing enables the mobilization of increased resources for the delivery of Global Environmental Benefits (GEBs)	1 (1.2%)	12 (14.3%)	16 (19.0%)	34 (40.5%)	18 (21.4%)	3 (3.6%)	84
The GEF's engagement with the private sector has been an instrumental factor in catalyzing environmental markets	1 (1.1%)	22 (24.4%)	25 (27.8%)	21 (23.3%)	10 (11.1%)	11 (12.2%)	90
Increasing the GEF's 'Non-Grant Instruments' as a proportion of its overall resource allocation would likely increase its effectiveness in engaging with the private sector	2 (4.0%)	9 (18.0%)	8 (16.0%)	14 (28.0%)	10 (20.0%)	7 (14.0%)	50
Altering the terms of GEF's 'Non-Grant Instruments' to better meet private sector investment risk profiles is desirable	1 (2.1%)	6 (12.8%)	10 (21.3%)	16 (34.0%)	8 (17.0%)	6 (12.8%)	47
The size of GEF projects is attractive to Multilateral Development Banks	4 (8.5%)	17 (36.2%)	13 (27.7%)	6 (12.8%)	1 (2.1%)	6 (12.8%)	47
The GEF should actively pursue collaboration with other environmental Trust Funds (such as the Green Climate Fund/GCF, the Climate Investment Funds/CIF)	0 (0.0%)	3 (3.3%)	13 (14.4%)	39 (43.3%)	33 (36.7%)	2 (2.2%)	90

### 3.2 Please provide a more detailed explanation of why and how the GEF's funding / financing is on the one hand 'Adequate' and on the other hand 'Inadequate' (up to 50 words each).

Variable	Response
Adequate:	The 49 response(s) to this question can be found in the appendix.
Inadequate:	The 43 response(s) to this question can be found in the appendix.

#### 4.1 To what extent do you agree with the following statements related to the System for Transparent Allocation of Resources (STAR)?

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Don't know or N/A	Total Responses
The System for Transparent Allocation of Resources (STAR) is a key component of GEF's ability to support environmental activities in a wide range of countries	1 (1.1%)	6 (6.9%)	15 (17.2%)	29 (33.3%)	34 (39.1%)	2 (2.3%)	87
STAR is a key component of GEF's ability to meet country objectives	1 (1.1%)	6 (6.9%)	17 (19.5%)	31 (35.6%)	27 (31.0%)	5 (5.7%)	87
STAR enables the delivery of regional projects	11 (12.6%)	21 (24.1%)	21 (24.1%)	19 (21.8%)	7 (8.0%)	8 (9.2%)	87
STAR limits the GEF's ability to address important environmental concerns at scale	5 (5.7%)	16 (18.4%)	22 (25.3%)	26 (29.9%)	12 (13.8%)	6 (6.9%)	87
STAR limits GEF's ability to prioritize the use of scarce resources	8 (9.2%)	25 (28.7%)	18 (20.7%)	18 (20.7%)	6 (6.9%)	12 (13.8%)	87
STAR enables partnerships between the public and private sectors	6 (7.4%)	17 (21.0%)	31 (38.3%)	15 (18.5%)	5 (6.2%)	7 (8.6%)	81
STAR ensures an equitable resource allocation overall	4 (4.6%)	7 (8.0%)	19 (21.8%)	35 (40.2%)	15 (17.2%)	7 (8.0%)	87
STAR has ensured an equitable resource allocation to my country	0 (0.0%)	4 (14.3%)	6 (21.4%)	10 (35.7%)	6 (21.4%)	2 (7.1%)	28
STAR is being implemented efficiently	3 (3.8%)	7 (9.0%)	21 (26.9%)	32 (41.0%)	6 (7.7%)	9 (11.5%)	78

#### 4.2 Please provide a more detailed explanation of why and how the GEF's System for Transparent Allocation of Resources (STAR) is beneficial and/or limiting (up to 50 words each).

Variable	Response
Beneficial:	The 47 response(s) to this question can be found in the appendix.
Limiting:	The 39 response(s) to this question can be found in the appendix.

### 5.1 Do you agree with the following statements on the effectiveness of the current governance structure and the health of the expanded partnership of the GEF?

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Don't know or N/A	Total Responses
Overall, GEF is effectively governed	1 (1.2%)	9 (10.7%)	12 (14.3%)	45 (53.6%)	13 (15.5%)	4 (4.8%)	84
The GEF Council's composition is appropriately diverse	0 (0.0%)	6 (7.1%)	12 (14.3%)	43 (51.2%)	17 (20.2%)	6 (7.1%)	84
The GEF Secretariat provides appropriate strategic leadership	2 (2.4%)	10 (11.9%)	11 (13.1%)	44 (52.4%)	15 (17.9%)	2 (2.4%)	84
GEF Secretariat decision-making is appropriately transparent	9 (10.7%)	19 (22.6%)	11 (13.1%)	35 (41.7%)	7 (8.3%)	3 (3.6%)	84
Communication among the major partners in the GEF partnership is adequate	4 (4.8%)	18 (21.4%)	16 (19.0%)	35 (41.7%)	7 (8.3%)	4 (4.8%)	84
GEF decision-making processes ensure accountability of the Agencies to the Secretariat and the Secretariat to the Council	2 (2.6%)	12 (15.4%)	19 (24.4%)	28 (35.9%)	11 (14.1%)	6 (7.7%)	78
The Scientific and Technical Advisory Panel (STAP) provides high-quality knowledge-based guidance to the GEF	0 (0.0%)	5 (6.0%)	19 (22.6%)	39 (46.4%)	18 (21.4%)	3 (3.6%)	84
The Independent Evaluation Office (IEO) provides high-quality evaluations to the GEF	0 (0.0%)	1 (1.2%)	17 (20.2%)	43 (51.2%)	18 (21.4%)	5 (6.0%)	84

### 5.2 Do you agree with the following statements on the effectiveness of the current governance structure and the health of the expanded partnership of the GEF?

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Don't know or N/A	Total Responses
The expanded GEF partnership is healthy.	1 (1.2%)	7 (8.3%)	28 (33.3%)	36 (42.9%)	5 (6.0%)	7 (8.3%)	84
Expanding the partnership to the current 18 Agencies has increased the GEF's effectiveness in delivering Global Environmental Benefits (GEBs)	3 (3.6%)	9 (10.7%)	29 (34.5%)	28 (33.3%)	8 (9.5%)	7 (8.3%)	84
The expanded GEF partnership offers increased choice for countries in programming GEF resources	1 (1.3%)	4 (5.3%)	12 (16.0%)	40 (53.3%)	14 (18.7%)	4 (5.3%)	75

The expanded GEF partnership offers increased choice for Secretariat in developing projects/programs through set-asides	1 (1.3%)	4 (5.3%)	20 (26.7%)	32 (42.7%)	9 (12.0%)	9 (12.0%)	75
The Agencies share a productive working relationship with each other	3 (4.0%)	8 (10.7%)	26 (34.7%)	24 (32.0%)	2 (2.7%)	12 (16.0%)	75
The Agencies share a productive working relationship with the GEF Secretariat	0 (0.0%)	5 (11.4%)	17 (38.6%)	16 (36.4%)	5 (11.4%)	1 (2.3%)	44
The Expanded Constituency Workshops (ECWs) have been beneficial in strengthening the GEF partnership	2 (4.5%)	4 (9.1%)	10 (22.7%)	12 (27.3%)	9 (20.5%)	7 (15.9%)	44
GEF's work with civil society has been beneficial in strengthening the GEF partnership	1 (1.2%)	9 (10.7%)	19 (22.6%)	37 (44.0%)	10 (11.9%)	8 (9.5%)	84
GEF has the right mechanisms in place for effective knowledge-sharing across the partnership	3 (3.6%)	26 (31.0%)	18 (21.4%)	24 (28.6%)	4 (4.8%)	9 (10.7%)	84

### 5.3 Do you agree with the following statements on the effectiveness of the current governance structure and the health of the expanded partnership of the GEF?

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Don't know or N/A	Total Responses
GEF effectively supports country-owned strategies for addressing environmental concerns	2 (2.4%)	7 (8.3%)	12 (14.3%)	43 (51.2%)	16 (19.0%)	4 (4.8%)	84
Operational Focal Points (OFPs) currently play an appropriate role in GEF programming	3 (3.8%)	12 (15.4%)	16 (20.5%)	31 (39.7%)	13 (16.7%)	3 (3.8%)	78
The National Portfolio Formulation Exercises (NPFs) have been beneficial in strengthening the GEF partnership	3 (3.8%)	9 (11.5%)	23 (29.5%)	28 (35.9%)	5 (6.4%)	10 (12.8%)	78
There is general GEF-wide consensus on the desirability of increasing the GEF's programmatic approaches (i.e. umbrella programs that include a number of child projects)	4 (4.8%)	12 (14.3%)	25 (29.8%)	24 (28.6%)	10 (11.9%)	9 (10.7%)	84

#### 5.4 Do you agree with the following statements on the effectiveness of the current governance structure and the health of the expanded partnership of the GEF?

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Don't know or N/A	Total Responses
<b>Council should consider granting more delegated authority to approve new projects at the Project Identification Form (PIF) stage in between Council meetings</b>	1 (1.3%)	11 (14.7%)	13 (17.3%)	29 (38.7%)	16 (21.3%)	5 (6.7%)	75
<b>Efforts to harmonize Agency and GEF project cycles have been adequate</b>	2 (4.5%)	14 (31.8%)	15 (34.1%)	9 (20.5%)	2 (4.5%)	2 (4.5%)	44
<b>The GEF project cycle, from identification through to approval, is adequately aligned with the project cycles of commercial private sector firms</b>	14 (18.7%)	22 (29.3%)	16 (21.3%)	14 (18.7%)	1 (1.3%)	8 (10.7%)	75
<b>The recent consolidation in GEF-6 of the Project and Program Cycle Policies of the GEF into one document has been very helpful</b>	1 (1.3%)	0 (0.0%)	19 (25.3%)	36 (48.0%)	10 (13.3%)	9 (12.0%)	75
<b>GEF project review criteria are effective for weeding out weak proposals</b>	0 (0.0%)	7 (15.9%)	12 (27.3%)	19 (43.2%)	4 (9.1%)	2 (4.5%)	44
<b>GEF Program Managers provide adequate guidance and support for strengthening weak but promising proposals</b>	1 (1.3%)	5 (6.4%)	14 (17.9%)	40 (51.3%)	13 (16.7%)	5 (6.4%)	78
<b>The new Cancellation Policy in GEF-6 has helped speed up the project preparation process between Council approval and CEO endorsement.</b>	1 (1.3%)	5 (6.7%)	13 (17.3%)	31 (41.3%)	17 (22.7%)	8 (10.7%)	75
<b>GEF Agency fee levels are commensurate with preparation and supervision costs (administrative arrangements)</b>	3 (6.8%)	8 (18.2%)	9 (20.5%)	13 (29.5%)	5 (11.4%)	6 (13.6%)	44