



GEF/A.4/Inf.2
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Fourth GEF Assembly
Punta del Este, Uruguay
May 24-28, 2010

Agenda Item 10

ROUND TABLE DISCUSSIONS

1. Roundtable discussions will be key features of the GEF Assembly in Punta del Este, Uruguay, May 25-26, 2010. The sessions, scheduled on May 25, 2010, from 3 P.M to 6 P.M., will consider GEF accomplishments, especially during GEF-4 (2006 – 2010) with discussants debating proposed reforms for the next funding cycle.
2. The past four years have seen significant improvements in the GEF. There is a system for allocating some of the GEF resources; the project cycle has been streamlined to increase effectiveness.
3. To further strengthen the GEF partnership, a results-based management system has been designed and approved by the Council. More emphasis has been put on programmatic approaches to address issues of national, regional and global importance. A level playing field has been established between the 10 GEF Agencies, providing greater choice of partners to the recipient countries among Agencies that meet minimum fiduciary standards established by the Council.
4. While the GEF-4 reforms have addressed to a significant degree many concerns, there is still room to improve. Reforms in GEF-5 are structured along two broad themes: how to enhance country ownership and how to improve the effectiveness and efficiency of the GEF. These reforms have emerged as policy recommendations from the GEF-5 replenishment. The round table discussions have therefore been designed to receive feedback from participants for the purpose of informing the detailed plans for the implementation of the reforms and ensuring GEF stakeholders' inputs are taken into account.

Roundtable 1: Enhancing Country Ownership

1. This roundtable will explore how well the GEF is now poised, given the policy changes proposed in GEF-5, to provide recipient countries a greater role in the programming of GEF resources and the design and implementation of GEF projects. The ultimate goal is to ensure that national priorities and commitments are reflected in GEF-financed projects to secure global environmental benefits; in other words, to ensure country ownership of GEF projects.
2. Efforts to ensure country ownership are not new to GEF-5. GEF-4 introduced a resource allocation system to the GEF. Through this system, many countries received individual allocations in the biodiversity and climate change focal areas. GEF-4 also offered to recipient countries a greater selection of GEF agencies with which to work. Recipient countries with individual allocations and a choice of agency partners exercised far greater control over the decisions on the programming of GEF resources spent in their country, as well as on project design and implementation.
3. In addition, there has been a requirement that all GEF projects be endorsed by a government-appointed representative called the Operational Focal Point, and several countries have national coordination systems that work with that Focal Point. The focal point system ensures that projects financed by the GEF reflect the country's priorities and needs.
4. Moreover, GEF-financed projects are developed in response to guidance from various United Nations environmental conventions (MEAs), targeting the institution's financing and the priorities expressed by recipient countries through the various Conferences of the Parties.
5. The GEF also finances local, indigenous and community-based organizations through its Small Grants Programme (SGP). The SGP system, which uses national committees for selecting projects, provides a useful example of how project design and implementation can be governed entirely at the national level.
6. These and other aspects of the GEF will be augmented in GEF-5 by further efforts to enhance country ownership. The improvements being made to enhance country ownership fall roughly into three categories: the programming of resources, the design and implementation of projects, and the effectiveness of country engagement.

Programming of Resources and Country Ownership

7. The ability to program GEF resources is a key aspect of country ownership. GEF-5 will introduce three significant improvements to the resource allocation system, all designed to increase the role of recipient countries in deciding how to program the resources allocated to them. First, the resource allocation system will be extended to the land degradation focal area, and all countries will receive individual allocations in all three focal areas under the allocation system. The system will be further improved by allowing countries to program 100% of their allocated resources from the

beginning of the replenishment cycle. Further, countries receiving relatively small allocations will have flexibility to allocate their grant resources across the biodiversity, climate change and land degradation focal areas.

8. The allocation system will provide recipient countries with greater clarity about the resources they will have, at least in three of the six GEF focal areas. GEF-5 innovations will also encourage and support countries to take a more active role in programming those resources. An innovative tool, “national GEF portfolio formulation exercises” will be funded to facilitate multi-stakeholder planning at the national level. Countries will have the option of undertaking these exercises to design a framework for programming their GEF resources. The goal of these exercises will be to ensure that GEF financing is well-aligned with national development planning and other relevant national strategies. The exercises are expected to strengthen coordination and decision making processes at national level.

Increased Country Control of Project Design and Implementation

9. Recipient countries have argued on several occasions that the ability to choose among a broader set of agencies, including the ability to directly access GEF resources through national entities, is an important aspect of country ownership. One of the reforms to be implemented in GEF-5 is to increase the repertoire of entities that can directly work with the GEF. It is envisaged that the network will widen beyond the current 10 agencies to include qualified multilateral, bilateral and national entities. Providing countries with more choice, including opportunities for reinforcing the role of national entities, is considered by many recipient countries to be a priority improvement.

Effective Country Engagement

10. To ensure that recipient countries are able to exercise this new authority effectively, corporate activities, including the National Dialogue Initiative and the Country Support Program, have been revamped for GEF-5.
11. The new Country Support Program in GEF-5, for example, will consist of multi-stakeholder dialogues and constituency-level workshops. A new curriculum approach will be introduced to develop pools of technical expertise in GEF project and program development and implementation. The objective is to keep GEF national focal points, convention focal points, and other key stakeholders, including civil society, abreast of GEF strategies, policies and procedures, and to encourage coordination. In addition, there will be enhanced cooperation with convention focal points as various stages of GEF policy making and operational activities. It is hoped that through these tools, key decision makers on GEF matters in countries will be better prepared to lead their countries’ engagement in the GEF. Once ready to lead, these actors will make optimal use of the tools on hand through which recipient countries can program GEF resources, as well as design and implement projects and programs.

Regional and Global Impacts

12. A countervailing concern that arises in response to these welcome changes at the GEF focuses on the need for the GEF to act beyond political boundaries. The broader objectives of the GEF relate to much more than the provision of support for national

activities. The purpose of the GEF is to finance activities that will generate global environment benefits, which will often require financing projects and programs at regional and global levels. With the expansion of the individual country allocation system in GEF-5, there is a risk that country decisions on GEF projects could be influenced more by the country's specific national priorities than by regional imperatives that are sometimes so critical to achieving the goals of the GEF. Also, working at the regional and global levels demands strong coordination and collaboration among countries, making regional and global initiatives more difficult to develop.

13. Several GEF tools exist to foster effective regional and global level action, including programmatic approaches, set-asides under the resource allocation system for funding regional and global activities, and regional and sub-regional consultations. Experiences in GEF-4 may be useful to share, and it may be helpful to look at how the GEF's ultimate goal of promoting global environment benefits can be achieved while countries' roles continue to be strengthened on project/program decision making.

The Question for this Round Table

How can the GEF build on its 18 years of experience to strengthen country ownership while retaining its focus on achieving global environment benefits effectively and efficiently?

Suggested Discussion Questions

Project/Program/Programming Decisions

- How well will the proposed GEF-5 tools and innovations work to reinforce country-drivenness in GEF project and programming decision making?
- What can be done to facilitate more national leadership in programming and project design and implementation?

Effective Country Engagement

Are the current GEF Steering Committees and other national level coordination mechanisms structured to reflect adequate participation? (Should there be greater involvement of other actors, including national institutions, parliaments, local governments, and civil society?)

- How can GEF corporate activities lead to more effective country participation in the GEF. Are GEF-5 corporate activities well designed to strengthen national and regional entities involved with the GEF? In what new areas (e.g., climate finance, monitoring, reporting) are capacity development needs the greatest?

- How do we ensure systematic involvement of the various convention focal points at the country-level in country dialogues, country strategy development and programming?

Regional and Global Impacts

- Given the system for resource allocation along national lines, how can we ensure the development of robust regional projects and programmes?

Roundtable 2: Improving the Effectiveness and Efficiency of the GEF

1. This roundtable will identify key elements to improve the effectiveness and efficiency of GEF project and program development, approval and implementation.
2. The GEF has been in existence for nearly 20 years since it was conceived as an innovative mechanism to help countries generate global environmental benefits. As the GEF evolved, its internal systems and processes also changed, although not always in the most efficacious and coherent manner. During GEF-4 a number of key reforms were undertaken to improve the efficiency and effectiveness of the institution, including: (i) design and implementation of a resource allocation system; (ii) development of programmatic approaches; (iii) streamlining of the project cycle; (iv) design of a results-based management system; (iv) simplification of the incremental cost approach; and (v) establishment of minimum fiduciary standards for GEF Agencies.
3. Reforms proposed for GEF-5 will continue this ongoing effort to improve the efficiency and effectiveness of the GEF, including the implementation of a GEF Results-based Management (RBM) framework. Key reforms proposed for GEF-5 include: (i) widening the GEF network; (ii) streamlining the project cycle; and (iii) refining the programmatic approach. The success of these reforms will depend upon how well they are understood and incorporated into the GEF network.

Widening the GEF Network

4. The GEF network has evolved. Initially, only the three Implementing Agencies – UNDP, UNEP, and the World Bank – had direct access to GEF resources; other agencies had to access GEF resources through these Implementing Agencies. Next, seven Executing Agencies – Asian Development Bank, African Development Bank, European Bank for Reconstruction and Development, Inter-American Development Bank, United Nations Industrial Development Organization, Food and Agriculture Organization, and International Fund for Agricultural Development – progressively gained direct access to GEF resources through a phased approach.
5. During GEF-5, additional entities, including qualified national institutions, may gain access to GEF resources to prepare and implement projects and programs at the national level. While the precise contours of this evolution have not yet been decided by the GEF Council, the design might be to allow countries to propose entities to be considered as GEF Agencies. However, it is important that entities that receive GEF agency status operate according to high fiduciary and other standards. To meet this concern, nominated entities could be subjected to a rigorous accreditation process and review by the Council to ensure that they meet minimum GEF fiduciary standards to be established by the Council. Once approved, they would function as GEF Agencies for the design and implementation of GEF projects.

Streamlining the Project Cycle

6. The GEF project cycle has been the target of criticism for several years, viewed as bureaucratic and time-consuming. By GEF-3, the average elapsed time for a project

to wind its way from concept to start of implementation reached as high as 66 months. During GEF-4 several steps were taken, including reducing from three to two the number of steps in the approval process that involved the Council. The goal was to take a project from Council approval of the Project Information Form (PIF) to CEO endorsement of the final project document in less than 22 months, and results from GEF-4 show that the average elapsed time is now around 16 months.

7. Additional streamlining is proposed for GEF-5 to further reduce project processing time. Project approval steps involving the Council would be reduced from two steps to one. Approval for fully-prepared project documents would be delegated to GEF Agencies that meet criteria set by the Council.

Refining the Programmatic Approach

8. Ever since the beginning of the GEF, programs have been funded with an eye to achieving sector-wide medium to long-term impacts. A program is a *strategic* combination of projects and activities with a common focus structured to build upon or complement one another to produce results (outcomes and/or impacts) that would not be possible to achieve through a project-by-project approach. A GEF program can be national, regional or global. The *overall objective* of the GEF programmatic approach is to secure a larger-scale and sustained impact on the global environment by implementing medium to long-term strategies for achieving specific global environmental objectives that are consistent with the national or regional strategies and plans of recipient countries.
9. By working through programmatic approaches, the GEF will also be able to disburse large-scale GEF resources effectively and efficiently to countries and regions with enhanced accountability and oversight. Moreover, programs will provide an opportunity for interested donors or other partners (including the private sector) to invest additional, focused funding that seeks to achieve the same impacts.
10. During GEF-4, the programmatic approach took on a greater significance, particularly for those countries that received group allocations under the resource allocation system. However, the process for seeking approval for programs and their underlying projects has been viewed as being too time-consuming, with multiple review and approval steps.
11. Further reform measures are proposed for GEF-5. Program approval would entail submission to council of a Program Framework Document. This document will detail

The Question for this Round Table

How can the GEF network improve its effectiveness and efficiency to deliver global environmental benefits, in a manner consistent with both donor and recipient country priorities?

sector-wide or region-wide actions. Approval of projects under the program would be delegated under criteria set by Council.

Suggested Discussion Questions

Widening the GEF Network:

- What types of additional partners will best strengthen the GEF network?
- What types of national institutions are best-suited to enter the GEF network? Are there limits to the roles they can play?
- How do we establish a credible process for expanding the network?
- Would bringing in additional entities overload the network?

Project Cycle

- How can the GEF further improve the project cycle? Are there valuable lessons to be learned from processes at other Agencies?
- Are there actions that the GEF can take to improve project development and implementation?

Programmatic Approaches:

- What aspects of a programmatic approach will most enhance the effectiveness and efficiency of the GEF?
- How should a programmatic approach differ from a project-by-project approach?
- Should the GEF consider approaches followed at other institutions, such as development program loans and budget support.

Format of and Modalities for the Roundtables

1. Two roundtables are proposed, focusing on the following broad areas of reform: (i) enhancing country ownership; and (ii) improving the effectiveness and efficiency of the GEF.
2. Participation at the roundtables is open to the Head and one member of each delegation. For ease of communication, participants will be divided into three groups under each round table topic where discussions will be held in English, Spanish, and French respectively.
3. Discussions in each group will conclude with a summary of recommendations. These recommendations will be synthesized in The Assembly Chairperson's Summary that will be presented to the Plenary.
4. The roundtables will be structured to provide for an interactive dialogue among the participants. Each roundtable will involve a moderator, a rapporteur and two speakers to introduce the topic, with the bulk of time given over to a lively discussion among participants. This approach is expected to facilitate an in-depth discussion of the topics. No pre-prepared statements will be allowed.
5. The moderator will welcome participants and explain the format for the discussion. She or he will introduce the topic, as well as the speakers that will briefly outline the issue to be discussed. Following the speakers' presentations, the moderator will initiate and guide the discussions, using the set of questions for each roundtable listed above.
6. To ensure broad participation, the moderator will encourage participants to be brief in their interventions.
7. For each group, the rapporteur will summarize key recommendations coming out of the discussions at the end of the session and assist the Secretariat in drafting the Assembly Chairperson's Summary.