

GEF Management Response

MOPAN Assessment 2017-2018

INTRODUCTION

The Global Environment Facility (GEF) welcomes the MOPAN Assessment of 2017-2018. The GEF appreciates the conclusion that the Facility is well-managed and has a highly relevant partnership with an effective set of programs and policies—all of which are comprehensively evaluated and discussed every four years. The GEF is also pleased at the acknowledgment that the GEF has strong management processes and financial controls, which it demonstrates in support of its operations and as the financial mechanism for multilateral environmental agreements. The Assessment also recognizes the GEF's programming shift towards addressing the drivers of environmental degradation as a strategic response to global environmental challenges, and its strong track record in delivering environmental results.

The Secretariat appreciates the Assessment's suggestions for priority areas of improvement in continuing to better focus its limited resources, deepening its engagement with the private sector, continuing to improve its monitoring and reporting on results, and learning from its operations. The GEF subscribes to these findings. It is instructive to note that, as the Assessment relies primarily on documents collected from 2016 to mid-2018, as well as interviews carried out in May 2018, the strategic programming and policy steps taken by the Secretariat for its Seventh Replenishment Phase (GEF-7) of 2018-2022 are not reflected. Many of these critically strategic choices for GEF-7 speak precisely to some of the Assessment's priority areas for improvement; these include, inter-alia, a greater focus on integrated programming, a deeper engagement with the private sector, a stronger results architecture, and a series of policies aiming at improving operational efficiencies and strengthening development effectiveness. The Secretariat welcomes the Assessment's findings and continues to strengthen actions on these points.

Going forward, the GEF will continue to reflect and learn from the wealth of information provided in the Assessment. The GEF's detailed response to the MOPAN Assessment is elaborated further below, with a focus on the priority areas identified by the review.

METHODOLOGY

The GEF welcomes the transparent methodology applied for this Assessment, which is grounded in a review of documents and a survey of partners and consultations. However, there is a concern that the methodology may not lend itself well to the unique structure of the GEF. While MOPAN's methodology is primarily geared towards development and humanitarian organizations, the GEF has a distinct environmental mandate, as stated in the Assessment: *"to help developing countries to address global environmental challenges, achieve global environmental benefits and meet their convention commitments"*. MOPAN could explore options to further tailor its Assessment to this specific focus.

Furthermore, although the GEF's business model is one that relies on its network of Implementing Agencies for project implementation, the MOPAN methodology assesses the GEF in isolation and without sufficient consultations of its wider Partnership. In particular, the GEF Implementing Agencies are the operational arm of the GEF, working closely with project proponents—government agencies, civil society organizations and other stakeholders—to design, develop and implement GEF-funded projects and programs.¹ Since its inception, the number of GEF Implementing Agencies has grown from 3 to 18, with the current constitution representing a range of interconnected mandates, technical diversity, geographic

¹ *The A to Z of the GEF: A Guide to the Global Environment Facility*,
https://www.thegef.org/sites/default/files/publications/GEF-A_to_Z_2015_CRA_bl2_0.pdf

networks and business models.² Within this partnership context, the GEF has established strategies, policies and systems which cover the vast majority, but not all, of the dimensions assessed by MOPAN. The Assessment itself corroborates this observation: “*The overall limitation of this assessment is therefore that it is heavily based on central documentation and opinion. It was not feasible to assess the implementing Agencies, governments or other partners as part of this MOPAN assessment.*”³

FOCUSING LIMITED RESOURCES

The GEF is pleased to note the Assessment’s findings that the GEF needs to strategically “...continue its efforts to play a catalytic and convening role in pursuit of transformational change, and to achieve a sharper focus on the most damaging drivers of environmental degradation.” This finding is critical in the context of declining resources and the increasing severity of global environmental problems.

The GEF fully agrees that it needs to carefully focus its limited resources where it can catalyze action and convene partners for transformational change. Indeed, MOPAN acknowledges that the GEF 2020 Strategy “provides a clear and well-considered strategic framework that reflects the comparative advantage of GEF”⁴, in particular through its integrated approach. This is further articulated in the GEF-7 Programming Strategy⁵, where the GEF is investing a considerable share of resources in Impact Programs that aim to catalyze transformational change across major economic systems. The landmark work program approved by the GEF Council in June 2019⁶ was precisely articulated around the GEF’s two Impact Programs: food systems, land use and restoration, and sustainable forest management. Another Impact Program, sustainable cities, is included in the December 2019 work program.⁷ This comes in complement to the GEF’s proven experience in designing relevant and appropriate pathways to longer-term and larger-scale impact across other programs and focal area strategies. Underpinning this is a proactive and strategic engagement with developing countries and other key stakeholders to form strong coalitions, foster stronger partnerships, and ensure coherence and complementarity of efforts.

PRIVATE SECTOR ENGAGEMENT

The GEF has a strong approach to engaging stakeholders and agrees with the need to further strengthen engagement with the private sector as a key actor to achieve significant environmental progress and, to a lesser extent, as a source of finance. The Assessment states that: “*private sector sourcing and production practices through research, dialogue and regulatory reforms is fundamental to achieving significant environmental progress.*”

The GEF fully agrees that, as a key actor in pursuing transformational change, engagement with the private sector needs to be deepened, and strides continue to be made in that direction. This is precisely why the GEF has hard-wired private sector engagement into its GEF-7 Strategy; given the timing of the Assessment,

² GEF/C.55/Inf.07, *Facilitating Countries’ Choice of GEF Agencies*, https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.55.Inf_07_Facilitating_Countries_Choice_of_GEF_Agencies_0.pdf

³ The Secretariat notes that MOPAN has individually assessed a significant number of GEF Agencies in their own rights, covering a large majority of the GEF portfolio – including FAO and IFAD in the 2017-18 assessment cycle, and AfDB, IDB, UNDP, UNEP, and the World Bank in the 2015-16 cycle.

⁴ *GEF 2020 Strategy for the GEF*, https://www.thegef.org/sites/default/files/publications/GEF-2020Strategies-March2015_CRA_WEB_2.pdf

⁵ GEF/C.54/19/Rev.03, *Summary of Negotiations of the Seventh Replenishment of the GEF Trust Fund*, https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.19.Rev_03_Replenishment.pdf

⁶ GEF/C.56/08/Rev.01, *Work Program for GEF Trust Fund*, <https://www.thegef.org/council-meeting-documents/work-program-35>

⁷ GEF/C.57/07, *Work Program for GEF Trust Fund*, <https://www.thegef.org/council-meeting-documents/work-program-gef-trust-fund-0>

these improvements are not reflected in its findings. The GEF-7 Programming Directions⁸ explicitly seeks to (i) fund work that supports systemic transformation, addressing the drivers of environmental degradation and linking sustainable supply with demands and markets, (ii) support innovative approaches, (iii) crowd-in the private sector to deliver environmental benefits beyond business as usual, (iv) co-develop projects with countries and agencies that identify particular roles for the private sector, and (v) create long-lived, durable, public-private partnerships that outlive current GEF funding cycles or dependency on public finance. Within this context, the GEF-7 private sector approach is based on two interrelated pillars: (i) to expand the use of non-grant instruments through a blended finance window, and (ii) to mobilize the private sector as an agent for market transformation.

Blended finance is an important tool to prove investment concepts and create a track-record of bankable projects in developing countries, and the GEF has promoted blended finance solutions since its inception in 1992, increasingly adapting to target new “frontier” areas where private sector investment is scarce and perceived risks may be too high for commercial finance alone. The GEF’s long experience with blended finance shows the creation of platforms that bring together a broad coalition of stakeholders such as, amongst others, multilateral development agencies, private commercial investors, impact investors, and civil society. This approach also enhances knowledge-sharing and the exchange of ideas and serves to accelerate such ideas into practice.

A milestone step on pillar two is the recent development of the GEF’s Private Sector Engagement Strategy (PSES).⁹ A Private Sector Advisory Group (PSAG) was formed to support both the development and the implementation of the PSES. The PSAG is a broadly representative body with members from key industry sectors relevant to GEF-7 programming based in all habitable continents and with the participation of the private sector at all scales, from smallholders and SMEs to multinational corporations. By developing the rationale for an increasingly productive approach to private sector engagement, the PSES articulates the various roles that the private sector can play in support of GEF objectives in driving systemic changes. The GEF PSES seeks to capture private sector leadership to support the GEF Partnership and its networks, so that the private sector becomes mainstreamed into the GEF’s work. In operationalizing the PSES through GEF-7 and beyond, the GEF Secretariat will seek engagements with the private sector that further build on the existing strengths of the GEF Partnership.

MONITORING AND REPORTING ON RESULTS AND PERFORMANCE

The GEF is pleased that the MOPAN Assessment finds that results-based management is improving and agrees with the findings that *“there is scope to improve the systems and frameworks for monitoring and reporting on corporate, programme and project results and performance.”*

The GEF remains committed to continuously improving its monitoring and reporting frameworks, and it has already put in place a series of reforms and tools to address this issue over the past few years. Since June 2018, a streamlined results architecture for GEF-7¹⁰ now focuses on fewer, more relevant indicators underpinned by clear definitions and guidelines.¹¹ In December 2018, a series of policy measures were also introduced that aimed at creating incentives for the acceleration of project preparation,

⁸ GEF/C.54/19/Rev.03, *Summary of Negotiations of the Seventh Replenishment of the GEF Trust Fund*,

https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.19.Rev_03_Replenishment.pdf

⁹ GEF/C.57/06, *GEF’s Private Sector Engagement Strategy*, <https://www.thegef.org/council-meeting-documents/gefs-private-sector-engagement-strategy>

¹⁰ GEF/C.54/11/Rev.02, *Updated Results Architecture for GEF-7*, https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.11.Rev_02_Results.pdf

¹¹ ME/GN/02, *Guidelines on Core Indicators and Sub-Indicators*, <https://www.thegef.org/documents/results-framework>

implementation, and financial closure, and improving compliance with and timeliness of core reporting requirements.¹² In June 2019 a new Monitoring Policy¹³ was introduced that establishes an updated framework for the rigorous and consistent monitoring and reporting of GEF-financed activities throughout the project and program life cycles, and aims broadly to enhance the effectiveness, efficiency, accountability, and transparency of the GEF through the systematic collection, analysis, and application of data, information, and lessons learned on the GEF's results and performance. The new GEF data management information system (the GEF Portal) was rolled out in June 2018, and over time this is expected to continue to enhance the GEF's ability to capture, store, analyze and share quality data on results and performance. Due to the timing of the Assessment, none of these improvements are reflected in its findings.

KNOWLEDGE AND LEARNING

The GEF welcomes the Assessment's findings that generation of knowledge is its primary asset and essential to making a lasting impact. The GEF agrees with the conclusion that *"[s]ynthesizing, accessing, using and disseminating knowledge and lessons learned from GEF's extensive range and history of projects and programs can be improved.* The GEF fully agrees that there have been some challenges to fully meeting all expectations on knowledge and learning, and that important areas for improvement remain.

Under GEF-7, the GEF has made progress in knowledge capture and sharing. While current systems and capabilities at the time of the Assessment presented some limitations for meaningful extraction of knowledge, learning and lessons across the entire GEF Portfolio, the GEF has simultaneously worked to ensure that the GEF-7 strategy and Impact Programs are designed based on the most relevant scientific knowledge, leveraging the expertise from the GEF's Scientific and Advisory Panel, evaluative evidence, building on the independent evaluation office's work, and operational experience. Beyond design, and with future knowledge generation in mind, the GEF-7 Programs themselves include important investments in multi-stakeholder platforms for learning and knowledge-sharing.

The GEF is also working to adopt more systematic approaches to knowledge and learning and improve the way in which these aspects are considered across all GEF projects and programs. Parallel policies, strategies and initiatives being implemented in GEF-7 are also relevant in this regard. By fostering the comprehensive and timely capture, reporting, collection, analysis, dissemination, and application of data and information on results and performance, including lessons learned, the Monitoring Policy¹⁴ supports broader efforts to enhance knowledge sharing and learning across the GEF Partnership and beyond.

SUSTAINABILITY

While not a priority area identified by MOPAN, the Assessment highlights sustainability as an area for attention, based mainly on the findings and conclusions on sustainability of the GEF's Independent Evaluation Office (IEO) in OPS-6.

The GEF very much welcomes the Assessment's thoughtful discussion on sustainability, and its recognition that *"[t]he importance of sustainability is emphasized in all GEF-funded activities"*. The Assessment provides a valuable context to the IEO findings along the following dimensions. Firstly, the Assessment

¹² GEF/C.55/04/Rev.01, *Policy Measures to Enhance Operational Efficiency, Accountability and Transparency*, https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.55.04.Rev_01_Operational_Efficiency.pdf

¹³ GEF/C.56/03/Rev.01, *Policy on Monitoring*, https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.56.03.Rev_01_Policy_on_Monitoring.pdf

¹⁴ Ibid.

explicitly recognizes that the IEO conclusions are based on a relatively small sample of GEF projects for which terminal evaluations were available. Secondly, the Assessment suggests that the sustainability of GEF projects and programs should be considered in the context of risk appetite¹⁵: if there is an aim to encourage innovation, then some level of unsustainability will be inevitable, as innovation will entail risk-taking and may therefore lead to the “failure” of some projects. The sustainability goal can therefore have an unintentional but undesirable effect of encouraging risk-averse and safe, but potentially less appropriate, interventions. Finally, the Assessment considered sustainability from the perspective of quality at entry, and an analysis of a small sample of GEF Project Identification Forms (PIFs) suggests that issues related to sustainability are analyzed systematically and in detail.

Building on the GEF’s experience, the work of the IEO and STAP, using the findings of the Assessment, and together with the Implementing Agencies, the GEF will continue to work to better understand and address the factors that influence the sustainability of GEF projects and programs. It is instructive to note that, of the factors already identified by several of these studies (such as effective stakeholder engagements and strong partnerships, effective monitoring and adaptive management, and investments in institutional capacity), the current GEF-7 programming and policy strategies being implemented are already beginning to explicitly address these dimensions.

CONCLUSION

The GEF is committed to using the findings of this Assessment as global environmental impact continues to be sought. Many of the findings reflect the GEF’s own assessment of effectiveness and efficiency. These observations are particularly valuable as the GEF implements its revised set of reforms and programming directions under GEF-7. The GEF therefore thanks the contributors for this timely, relevant and rigorous work.

¹⁵ The links between sustainability and risk appetites are also discussed in GEF/STAP/C.56/Inf.04, *Achieving More Enduring Outcomes from GEF Investment*, http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.STAP_C.56.Inf_04_Achieving%20more%20enduring%20outcomes%20from%20GEF%20investment_0.pdf