

GEF-NGO CONSULTATION

June 2, 2005

Washington, DC

This report is a summary of the discussions during the GEF-NGO Consultation meeting, which took place on June 2, 2005, in Washington DC.

The GEF-NGO Consultation meeting was chaired by Atherton Martin, from the Caribbean Conservation Association –CCA (Barbados), representing the NGOs; and Alaa Sarhan, NGO Coordinator, representing the GEF Secretariat.

Mr. Leonard Good, CEO and Chairman of the GEF, opened the meeting, mentioning that the GEF is starting the replenishment process; discussions begins next week until the end of this year. The expectations are that governments commit more than 3 billion US dollars. There are two foundation documents for GEF-4:

1. Important directions for GEF-4, which is under discussion. We'll see how these discussions evolve.
2. The Third Overall Performance Study (OPS-3). The OPS-3 was consistent with the direction they had in mind of things that need to be improved. It addresses the internal relations of the Secretariat and the Implementing Agencies (the GEF Network) and set of relations which are important to the GEF functioning. It has not quite got the hang of roles and responsibilities of the management structure to operate effectively and efficiently. Beyond internal relationships are the relationships with other actors. The relationship with the various conventions is in a reasonable state but relationships with private institutions could be improved. A review of the Ngo network is in progress. There is need to strengthen relationships with NGOs. How GEF operates on the ground in the various countries needs work. The flagship programme, the SGP, in terms of building relations with NGOs on the ground is excellent and the country consultation is good. There is however need to support focal points to provide more coordination on the ground in terms of moving to a more integrated approach. Interaction with NGOs on the ground needs to be stronger.

We are also looking at new instruments. There is however disappointment at the inability of GEF to bring Small Medium Sized Projects (SMSPs) to fruition. The Council approved the idea in principal last November but we have not succeeded in working out the logistics. We are looking at the World Bank marketplace as a solution for the management of this.

As for the Resource Allocation Framework (RAF), it is THE most significant change that is being introduced. We are getting very close to reach an agreement, and the problems are clear now. For the next meeting, we should reach a final agreement, before finalizing the replenishment negotiations in November. There is need to resolve the issue of RAF, all structural and organizational processes at in place, the introduction of RAF is probably the most profound change for GEF. They remain structural issues which will be put in positioning the next Council meeting to dot the I's and cross the T's, the problems are clear, there is a better understanding of the data issues and changing the mindset of the various players is realistic.

Atherton Martin thanked the CEO of GEF for his intervention and raised that following issues on behalf of the NGOs:

- (i) The foundation template we use to monitor and evaluate progress is Agenda 21.
- (ii) Good faith has been ongoing and this basis of the development of GEF-NGO relations.
- (iii) NGOs have direct and practical daily knowledge of what is going on and part of our job is to bring this sensitivity to the GEF forum.
- (iv) Optimism without hard work and determination to succeed- we would not be here if we did not believe this of the GEF/NGO partnership.
- (v) There are changes taking place on a day to day basis affecting the capacity of partners to deliver and we understand this.
- (vi) We are ready to embark on a fruitful relationship and we reaffirm our commitment to the mission and aims of GEF.
- (vii) Any lasting partnership relies on critical values, and communication is the key to influence the process. It is important to remain open to the guidance and directions from the ground.

Liliana Hisas, from Fundacion Ecologica Universal – FEU (Argentina), on behalf of the GEF-NGO Network, raised the issue regarding NGO participation at Council meetings. We are here to work with the GEF Secretariat but also to interact with the Council members. The practice for the last years, thanks to the flexibility of the GEF Secretariat, from a group of 16/18 NGOs, five NGOs were allowed to attend the Council meetings, and the rest of the group to observe the meetings. Clarification on this issue is needed as NGOs would appreciate to continue with this practice. Regarding the implementation of the Small MSPs, NGOs also share your frustration on the inability to agree on an implementation plan. There are \$10 million available to implement at least 40 SMSPs in 2 years. Seeing the positive side of this delay, we are ready to work more closely with the team discussing ways implement this initiative. NGOs are ready to explore ways to engage more closely in this initiative, bringing alternatives and proposals to effectively implement this initiative, focusing in the essence and the principles of the GEF –that is providing financing aimed at global environmental protection within a framework of sustainable development. Therefore, we request that the extra seat for NGOs in the Working Group will be covered. We will start consultations on which this other NGO will be. Another crucial issue for the effective implementation of the SMSPs is the

proposal of the Working Group regarding the focal point endorsement on a no-objection basis. Only 2 of 32 Council members commented on this, and the proposal was rejected. We would like this proposal to be revisited by the Council in November. We insist on this issue is because the endorsement letter is one of the major barriers to effectively approve this SMSPs in the estimated 9 months period.

Mr. Good responded that if the Secretariat was flexible to allow 5 NGOs to attend and the rest to observe, we will continue with this practice. The Council should be lobbied to change the decision, and let's work together for that. Regarding the endorsement on a non-objection basis for the Small MSP program, Mr. Good said that it is a particularly sensitive issue to focal points, and he does not think it could be revisited by Council. Another NGO representative in the SMSP working group will be welcomed.

German Rocha, from Instituto Biodiversidad (Colombia) raised the following issues:

- 1) The GEF-NGO network recognizes the tremendous technical effort done by the Secretariat team on identifying different alternatives of indicators on RAF.
- 2) We are aware the negotiation process have been long, difficult and complex and after the last March Paris meeting and the working paper "towards a draft decision on RAF by interested parties", we will like to know from you Mr. Good, what is the current position on the issue.
- 3) For us it is fundamental to know your view on RAF and the allocation of resources to the Small Medium Size Projects and the Small Grants Programme.
- 4) The NGO's are deeply concerned on what can be done by the NGO Network as a GEF partner to help bring the process on RAF to a satisfactory conclusion for all the interested parties.

Khadja Razavi, from CENESTA (Iran) asked how are we able to emphasize community driven priorities, as most times we are working on country driven priorities. Also, there is a need to strengthen capacity building. At UNCCD there is not enough capacity at national level to prepare projects for GEF. The SMSP discussion is dragging on and IAs raised the main concerns as the fees structures. There is a danger that civil society and CBOs be used as a rubber stamp for GEF and their views are not really integrated and incorporated.

Mr. Good mentioned that there were conflicting views among the Council Members on utilizing World Bank governance indicators as a component of the GEF Performance Index (GPI) for the RAF. He also pointed out that the publicly disclosure of the individual component scores of the GPI index for each country was also matter of disagreement on RAF in the Council. But he said that he was optimistic that a consensus on RAF will be achieved during these Council sessions. There are still two difficult issues under discussion –how much funding per focal area will be allocated to countries, and how to measure the performance of countries — performance of the environmental sector and broad framework indicators (components like corruption), how should this be characterized. As for civil society vs. state actors: the overall performance of civil society is not measured, as performance is exclusively focused on performance of the state. The model is driven by the existing data set in the Country Policy and Institutional

Assessment (CPIA) indicators from the World Bank. Regarding the SGP, Mr. Good gave the NGOs its assurance that the Small Grants Programme will be kept aside of the RAF. SMSPs is an excellent instrument to build into, I am disappointed that it has not moved. We admire the World Bank marketplace, which brings people together, makes you look at a lot of products at one time and also introduces a time framework.

Atherton Martin raised the following issues:

- a. We are not sure that lessons from SGP are consistently applied by IAs.
- b. OPS3- the treatment of NGOs and NGO views in the document is disappointing as NGOs did submit many recommendations that have not been included, concern has been raised that the evaluation process is more focused on whether the GEF flag is flying and not on the human aspects.
- c. There may be need to evaluate the Secretariat, how does the Secretariat handle the fee structure, what are the performance indicators etc
- d. There exists intense competition among IAs for projects, there is need to set a more collaborative tone to these relationships.
- e. There are NGOs who handle multi million dollar programmes- how could this be integrated and how could these lessons be shared.
- f. What is the disposition of the secretariat to the OPS-3.

Mr. Good responded that the OPS-3 says you have a network which is under resourced with unclear roles and responsibilities of the Secretariat vis-à-vis the IAs. There is focus on portfolio gaps, data sets that allow tracking, no systematic approach GEF knowledge management. It is critical that within the competitiveness collaboration is cultured. There is a tendency to be insular but the insights of civil society to neutralize this dilemma.

On RAF, Mr. Good added that there are two major issues, country potential to generate environmental benefits and assessment of country development performance. It was suggested that GEF get indicators off the shelf, so they looked outside for data sets and this has been a challenge there need data sets which cover 168 countries so they looked at the World Bank CPIA to measure the performance. On the benefit side for climate change it is a small modality. Regarding biodiversity they had to get into the business of developing a methodology. There are 3 main structural issues-when do we actually start; when would evolution take place (evolution would be from the screening stage to country allocation phase); share of resources, allocated to countries in groups or ungrouped allocation. We have also talked about the threshold of US\$ 10 million go to dual allocation. Lastly, what constitutes the portfolio performance index, there is a wide consensus that it would include performance measurement of country out of World Bank sectoral component. Broad based components include measures of transparency/governance measurement, public disclosure- also make publicly available the allocation. Regarding the performance index the council has the choice to willingly accept the low cost option. If council says we can live with limited public disclosure then we could use the World Bank CPIA.

Atherton Martin mentioned that:

1. The GEF is going to need data if the obstacle of the WB data is not overcome. Some donors NOVIB, CIDA have been funding a lot of projects and indicators have been documented in separate sectors. They could give GEF access to the raw as well as analyzed data.
2. Natural resource accounting has generated a lot of data.
3. The difficulty that might be faced that of segmenting the data, looking at vulnerability data that has been collected related to environmental management. An integrated approach might be useful to GEF in this exercise. If we do not take non environmental data into account, this might lead to wrong conclusions and bad projects. In the process of putting these data streams together, that is where NGOs come in.

Andras Krolopp, from the Central and East European Working Group for the Enhancement of Biodiversity – CEEWEB (Hungary) said that 10 new countries joined the European Union. What are the GEF's eligibility criteria for these countries?

Regarding the question on eligibility for the new countries joining the European Union, Mr. Good said that even the European Union does not know what to do. For the GEF, some countries are still eligible for GEF funding, but this situation may change in the coming years. Some countries are still eligible until the end of 2005. We are telling the Implementing Agencies to use their best judgment.

Mrs. Patricia Bliss-Guess, Deputy CEO, said that GEF's eligibility is based on Par. 9b of the Instrument which specifies that "*A country shall be an eligible recipient of GEF grants if it is eligible to borrow from the World Bank or if it is an eligible recipient of UNDP technical assistance*". If these countries are still receiving support from the World Bank or UNDP, then they are still eligible for GEF.

Khadija Razavi mentioned that during the regional consultations for OPS-3, regional consultations were organized. The views from civil society are not reflected in the draft report.

Mr. Good said that there is a presentation scheduled for the OPS-3 team, and that question should be raised to them.

Mr. Good thanked the audience, encouraging NGOs to continue the dialogue.

The next agenda item discussed was the **Resource Allocation Framework (RAF)**. On behalf of the GEF Secretariat, Ramesh Ramankutty made a presentation explaining that there are currently 3 motions on the table for discussion. We will have to see how Council will act on these motions. Another issue for the Council to decide is when to start with the RAF. The options are on July 2006, for FY07, coinciding with GEF-4; or after the next General Assembly (end of 2005), which is not a problem as it fits with our programming calendar. If Council decides that we have to develop performance indicators, we will have to develop them for 168 countries. It will not be easy, but we will have to eventually do it.

Atherton Martin said that the key question is the impact of funded projects. Have you talked to other donors? Also, the difficulty is the segmented data. It would be more useful to have an integrated data management. NGOs can come in assembling data.

Ramesh Ramankutty responded that the GEF Performance Index (GPI) has data. What we are looking for is country level data on performance. Maybe we will have to develop indicators for this. If you can guide us to find sources of data at the country level, for 168 countries with a consistent methodology, we will consider it.

Juan Luis Merega, from Fundacion del Sur (Argentina) said that the RAF team could work with the Convention to Combat Desertification (CCD) group working on indicators.

Mr. Ramankutty thanked for the suggestion, which will be taken into consideration, but they are currently working only with the Secretariats of the Biodiversity and Climate Change conventions.

The Proposal for Revising the Fee System followed the discussions. Ramesh Ramankutty explained that the fee system was introduced in 2000, as the Council requested a more transparent system for Implementing Agencies to deal with the fees associated with projects. The agreement was a flat fee of 9%. For certain more projects, which implied more work from the IAs, there were premiums fees. With the current proposal, an average of 9% would be applied to all projects, including Medium Sized Projects.

Liliana Hisas requested the views of the Implementing Agencies regarding this issue, as the paper mentions that the average fee for Medium Size Projects is 14% and 9% for Full Size Projects. Will this affect MSPs processing?

Kristin McLaughlin, from UNEP, said that the flat fee of 9% should not have an impact.

Rohit Khanna, from The World Bank, explained that the fees go to a common account, to share the costs of processing projects, including project preparation and appraisal, implementation and supervision, and project evaluation. There is no impact on MSPs.

Mahenau Agha, from UNDP, highlighted that the goal is delivering on the portfolio.

As for the Executing Agencies, FAO stressed that they have not yet a big portfolio; therefore the 9% fee may not be enough. Another concern is that if the 9% fee would have an impact on regional and global projects.

Ravi Sharma, from the GEF Secretariat, introduced the next item –the **Implementation of Smaller-sized Medium-Sized Projects (SMSPs)**. A \$10 million proposal was approved by Council last November, to implement smaller sized MSPs of up to \$250,000. It is still under discussion on how it is going to be implemented. One of the alternatives under discussion is based on the Development Marketplace model, utilized by the World Bank.

Elsa Matilde Escobar, from Fundacion Natura (Colombia) said that NGOs could also be considered to administer and manage these funds.

German Rocha asked about the possibility of using the Small Grants Programme (SGP) managing this program. The GEF should not be afraid of the success that this program could achieve.

In his response, Ravi Sharma mentioned that the overall feeling is that this program will certainly work. About the comment on NGOs managing the program, it could work. As for the SGP model, the approval system is different.

Rohit Khanna added that the IAs manage the fees on a portfolio basis. We have to be realistic on what we can do with this program. We need a different approach, and lessons could be learned from the experience of the Development Marketplace.

Delfin Ganapin, Global Manager of the Small Grants Programme, stressed that the key here is quality control. The project goes to the IA at the end of the approval process, after the Steering Committee review, and this is a problem. We will continue the discussions to see how this program will work in the coming months.

Kristin McLaughlin reaffirmed the commitment of the IAs and the GEF Secretariat to work more and better to make this smaller-sized MSPs program happen.

A case study presentation followed on *Growing grapes in the Namibian desert: an African Success story*, by Steven Gruzd, South African Institute of International Affairs (SAIIA), South Africa¹.

Monitoring and Evaluation (M&E) issues, including the OPS-3, followed in the discussions. Rob van den Berg, director of the M&E unit, made a presentation, stressing that there are several M&E documents: the Annual Performance Review, the 4 year work plan and budget for the M&E Unit, the Review of the GEF Operational Program 12 on Integrated Ecosystem Management, and the OPS-3. The format of the consultative process, including interaction with NGOs, was:

- Interaction with IAs and EAs in progress
- NGOs and research community.
- Interaction with international NGOs.
- National level consultations to include NGO community in stakeholder consultations on a country profile review
- Provision of forums for interaction.
- Consultation with NGO RFPs

The interaction at the national level is planned for next year, and only in some countries.

Jesus Cisneros, from the IUCN Regional Office for Mesoamerica (Costa Rica) made an intervention on behalf of the NGOs².

¹ See NGO Case study presentations – June 2005

² See Compilation of NGO interventions.

Mark Wagner, from IFC Consulting, in charge of the OPS-3, explained that the Study was developed through a desk study review and regional consultations with government and NGO representatives. Also, new data was provided through field-country visits. Some of the main findings were focused on information management, and the recommendations include improving the information management system, allocating more resources to the GEF Secretariat to allow better coordination and outreach, and clarifying roles. The strategic trade-offs include cost effectiveness vs. inclusively; risk aversion vs. innovation, collaboration vs. competition; streamlining / harmonization vs. additive guidance; results vs. approval culture.

Jesus Cisneros, from the IUCN Regional Office for Mesoamerica (Costa Rica) made an intervention on behalf of the NGOs³.

German Rocha suggested that as long as the M&E Unit and the consultant team conducted workshops with NGOs in different regions of the world, the important inputs provided by the NGOs representatives on GEF country visibility, the difficulties to cope with the different IAs operational and auditing policies, and the hurdles for getting project's endorsement from the governmental focal points, should be included in the OPS3 final report as a separate NGO Annex.

Clemencia Vela, from FEDIMA (Ecuador) asked about the plan to implement the recommendations of the Study.

Mark Wagner responded that there are 2 text boxes in the draft report referred to NGOs – NGOs in the GEF and GEF and Indigenous Peoples.

Rob van den Berg responded that there is already a proposal with a budget in the M&E unit work plan to implement the OPS-3 recommendations. Also, he explained that the Unit was almost ready to present the results of the Local Benefit Study to the Council, but the IAs said that further analysis was needed. The study should be finalized by November.

Liliana Hisas asked about the final date for the completion of the OPS-3.

Mark Wagner said that they will be receiving comments to the draft until June 15, as the final report has to be ready by June 30.

A Case study presentation on *Models of Partnerships within the SGP in North Africa*, was presented by Emad Adly, Arab Network for Environment and Development – RAED (Egypt)⁴.

The next item presented was **Strengthening focal points and Council Members**, by Funke Oyewole from the GEF Secretariat. She explained that the program to support focal points started in FY00 and in FY03 was extended for one more year. After an

³ See Compilation of NGO interventions.

⁴ See NGO Case study presentations – June 2005

evaluation of the program, we prepared this proposal, which includes \$8,000 for country-level coordination and \$2,000 for focal point regional constituency coordination, per year for each focal point. After consultations between the IAs and the GEF Secretariat, we are proposing that the project to support focal points to be submitted to Council in November will be handled directly by the GEF Secretariat, and that UNEP manages the funds.

Ravi Sharma made a presentation on the Capacity Building opportunities, saying that there are four funding pathways:

1. National Capacity Self Assessments
2. Identifying targets and indicators for measuring results and impacts
3. Program for critical capacity building for LDCs and SIDS
4. Criteria for enhanced attention to capacity building in regular projects.

These last two pathways are subject to further consultations. Also, RAF need to link capacity to performance. Some examples are procedural improvement, organizational strengthening and skill upgrading (more at the individual level).

Rajen Awotar pointed out that most capacity building activities undertaken by the Secretariat provide little space for NGOs, as they mainly concern government officials. In certain cases a very limited civil society representatives were invited to the Country Dialogue Workshops. We therefore requested the GEF Secretariat to ensure that in future Capacity Building Initiatives at local, regional and global level, civil Society /NGOs be fully consulted and included and that the GEF NGO network/RFPs be consulted and included in all follow up activities. At present there is no clear indication on the follow up actions as regards CDWs and other initiatives. There is therefore the need for a proper policy on the full and inclusive participation of the network and RFP'S in the Capacity building initiatives/programs.

Elsa Matilde Escobar asked about the role of the focal points in relation to NGOs. Focal points have become barriers in some countries. There is a need to create committees with NGOs that are real NGOs. Is it realistic to think that all of this can be done with \$8,000?

In her response, Funke Oyewole said that they are trying to ensure the engagement of focal points. We hope that better country coordination can be improved by this program. The support is to facilitate the GEF process in the country, through for example workshops. Also, there is a review of the GEF-NGO Network ongoing, and we hope that this review will also address the support for NGO Regional Focal Points.

Gary Allport, from the National Audubon Society (USA) asked how the RAF approach fits with capacity building.

Ravi Sharma responded that they have not studied the issue in detail, as the RAF is not clear yet. He also added that the Secretariat is thinking about public awareness activities at the country level, including NGOs.

Moctar Toure and Walter Lusigi, from the GEF Secretariat, presented the following items on **Land Degradation –Scope and Coherence of the Land Degradation Activities in**

the GEF; and the Proposed MoU between the UN Convention to Combat Desertification in those countries experiencing serious drought and/or desertification, and the GEF. Mr. Toure said that in GEF-3, there were \$250 million allocated to land degradation, as a pilot phase, which were not enough as the demand exceeded the available funding.

Khadija Razavi made an intervention on behalf of the NGOs.⁵

Juan Luis Merega emphasized the importance of the GEF in the CCD. The CCD is the poor sister of the Conventions. Now, there is direct access to GEF funding. In the Bonn meeting, the opportunity opened by the GEF was stressed and very much welcomed. However, it was also noted that the funds were scarce and very complicated to access. This is particularly important when trying to conceptualize incremental costs. There are social impacts in the CCD and these have a direct impact on the technical issues, as desertification is directly related to poverty.

Mr. Toure agreed with the issues and concerns raised by NGOs, saying that many of the questions are directed to the Council. It seems that we have a 2-class system –the one for the old Conventions, and the new Convention. The MoU is different that the ones for the CBD and the FCCC as the GEF act as *the* financial mechanisms for biodiversity and climate change, while for the CCD is only *a* financial mechanism, one of other mechanisms.

Two more case study presentations were the last items on the agenda on:

1. *Restoring Mountain Ecosystems through Community Land Management*, by Elsa Matilde Escobar, Fundación Natura (Colombia)⁶
2. *Alliances for Conservation: Empowering Civil Society in Central America*, by Ingrid Arias, FUNDAECO (Guatemala)⁷.

The meeting was adjourned at 6:30 pm.

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⁵ See Compilation of NGO interventions.

⁶ See NGO Case study presentations – June 2005

⁷ See NGO Case study presentations – June 2005