

November 18, 2013

Ms. Laura O'Raw  
Climate and Environment Department  
Department for International Development  
22 Whitehall, London SW1A 2EG  
United Kingdom

Dear Laura,

***Ref: UK's Multilateral Aid Review (MAR) Update 2013 of the Global Environment Facility***

Thank you for sharing with us the MAR 2013 Update and summary updates for the GEF ahead of publication.

First, I am pleased to note that Update finds the GEF as having achieved "reasonable progress" in reform priorities under both strategic and performance management and in partnership behavior, with the update score increased from "2" to "3" for the latter. We do note that the Update rates financial resource management as having achieved "some progress" due to some inefficiencies in the project cycle, indicating that we have room for further improvement.

*Strategic and Performance Management*

We are pleased that the MAR Update acknowledges the important strides made by the Results-based Management System (RBM) at the GEF over the last few years. However, we are still looking for further improvement in the years ahead. One of the key challenges now is to be more selective in the choice of indicators in the RBM system so that we "measure what matters." We have already taken the initial steps in this direction by being selective in the construction and choice of indicators in the results frameworks of our GEF-6 focal area strategies that are under discussion in the replenishment process. We also have several other elements to improve the RBM and the associated knowledge management system (KM) as detailed in the strategic positioning document for GEF-6. We look forward to receiving policy recommendations from replenishment participants to further strengthen RBM and KM in the GEF.

*Partnership Behavior*

As the Update finds, NPFs have demonstrated a viable approach available to countries on a voluntary basis to take a more comprehensive approach to programming in the GEF. We

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will continue to build on the initial success by welcoming and supporting countries to undertake the process before the GEF-6 programming phase begins. The accreditation process for bringing new project agencies is ongoing successfully – last week two international NGOs (Conservation International, and World Wildlife Fund- US) that had passed the accreditation process were welcomed to the GEF by the Council.

*Financial Resource Management*


As for the project cycle performance, the Secretariat and the Agencies are fully committed to halting any deterioration of performance against project cycle performance standards. We have initiated a comprehensive stock-taking of all the projects that have been approved by the Council to date (GEF-4 and GEF-5) that are overdue (or close to 18 months) for CEO endorsement. As requested by the Council at the November 2013 meeting, the Secretariat is currently working with the Agencies to further identify measures to expedite the project cycle, including the feasibility of a joint portfolio management system to keep track of project/program progress. We will prepare for discussion at the November 2014 Council meeting a proposal for a cancellation policy for projects that exceed the elapsed time standards in the project cycle. The Secretariat will continue to report on the project cycle performance in the Annual Monitoring Review. We look forward to receiving policy recommendations from replenishment participants to further streamline the project cycle.

Regarding agency fees, while there is full transparency in the allocation of these fees through projects, seeking details regarding use of these fees in individual projects could add to the reporting burden in the GEF with very little return; all GEF agencies have internal controls that were verified when they were assessed against GEF fiduciary standards a few years ago. The agencies do report through the Annual Monitoring Review on the expenditures they incur when they engage in corporate activities in the GEF.

We would like to thank you and your colleagues for giving us the opportunity to respond to the MAR Update. We are hopeful that we will continue to achieve progress at the GEF, and stand ready to engage in future assessments that DFID may undertake.

In closing, we would like to acknowledge U.K.'s strong support for the GEF over the years and look forward to continuing support as we proceed through the replenishment negotiations for GEF-6.

Yours sincerely,

  
Naoko Ishii  
CEO and Chairperson