



**GLOBAL ENVIRONMENT FACILITY**  
INVESTING IN OUR PLANET

**MONIQUE BARBUT**  
*Chief Executive Officer and Chairperson*

1818 H Street, NW  
Washington, DC 20433 USA  
Tel: 202.473.3202  
Fax: 202.522.3240/3245  
E-mail: mbarbut@TheGEF.org

February 25, 2011

Mr. Michael Anderson  
Director-General, Policy and Global Issues  
Department for International Development  
1 Palace Street,  
London SW1E 5HE  
United Kingdom

Dear Mr. Anderson:

***Subject: UK Multilateral Aid Review (MAR) of the Global Environment Facility***

It was a pleasure to connect with you on the telephone on February 15, 2011, to discuss the above-referenced review. I was happy to hear that the review “assessed GEF to be good value for money.” As I mentioned, the GEF is in the continuous process of re-inventing itself to changing demands and circumstances, and in this context, the institution is already beginning to address, through GEF-5 reforms, the few soft areas identified as “unsatisfactory” or “weak” in the review. I am writing to provide you with some details, elaborating on our conversation.

Contribution to Results

We are strengthening our focus on results by building a robust Results-based Management (RBM) framework. The RBM framework was used as the scaffolding to develop the focal area strategies for GEF-5; each focal area strategy is now underpinned by a focal area results framework that is aligned with a GEF corporate results framework. As we begin to program in GEF-5, the results-framework of each individual project or program will be aligned with the focal area results framework. Each GEF-financed project/program that is under implementation is required to submit an annual Project/Program Implementation Report (PIR). The PIRs are used as the basis for an inter-agency discussion on portfolio performance and to prepare an Annual Monitoring Report (AMR) to the GEF Council on the health of the portfolio.

The Council approved a GEF-5 work plan for RBM at its November 2010 meeting that aims to strengthen RBM in three main areas: (i) portfolio outcome monitoring; (ii) portfolio process monitoring; and (iii) learning and knowledge management.

- *Portfolio Outcome Monitoring* at both the focal-area and the corporate-level, are based on indicators and targets established in each focal area results framework and the GEF strategic results framework, and will identify and measure outcome results achieved during the life of the project;
- *Portfolio Process Monitoring* will track GEF efficiency and effectiveness based on indicators and targets established in the corporate results framework; and
- *Learning, Knowledge Management* will strengthen knowledge creation, sharing and use of lessons-learned to better inform GEF strategies, policies, and project development. Priorities include developing tools, guidance and standards, and strengthening analytical capacity, specifically with regard to assessing results and progress towards learning objectives.

In order to accomplish the above, the GEF Secretariat has identified three main objectives for implementing the RBM over the course of GEF-5: (i) strengthen and update the tools and systems needed to capture standardized information; (ii) strengthen the Secretariat's ability to collect and report on portfolio-level outcome and output indicators; and (iii) strengthen knowledge management of the GEF at the portfolio level.

We are, therefore, establishing and implementing an updated annual monitoring review process, upgrading and integrating portfolio monitoring in our IT systems, developing tools to enhance portfolio monitoring, developing a knowledge management strategy for discussion at the May 2011 Council meeting, and developing internal guidance on RBM and knowledge management.

### Partnership Behavior

Regarding the concern raised by the review that the GEF is supply driven, we bring to your attention the following elements to strengthen country-drivenness of GEF programming. The policy to enhance and ensure country ownership has been in place for 5 years now and it is bearing fruit. No project will be considered if it is not supported by a letter from the country operational focal point indicating that this project is in line with national priorities and objectives. In order to further develop this policy, countries have been encouraged to undertake an exercise that will identify a set of project ideas that can best utilize the funds available to them from the GEF.

This is called the National Portfolio Formulation Exercise (NPFE). While this is not a prerequisite to access funds, countries have been offered up to \$ 30,000 in order to help them organize the necessary stakeholder consultations in order to ensure that their choice of potential projects is validated in their societies. Over 30 countries have shown an interest in the NPFE, some have requested financial support and some have done it on their own.

We have also further developed the Country Support Program: In particular one of its components, the Expanded Constituency Workshops. In the past, these GEF workshops were attended by the GEF political and operational focal points. Beginning this year, we are also inviting the convention focal points in each country and one representative of civil society organizations. In this manner, the work of the GEF will be better known by those in charge of the Conventions that GEF serves as well as in civil society that has been an integral part of the GEF partnership since its inception. It also enhances national coordination and ownership of the GEF in each country.

Another factor to take into account is that we have initiated a mechanism whereby countries can access some funds by applying directly to the Secretariat without going through the intermediation of an Agency. Two activities are in this category, one is the NPFE mentioned above and the other one is the communications and reports that countries must provide to the Conventions they are parties to.

The System for Transparent Allocation of Resources (STAR) that allocates a specific amount of money for each country in the climate change, biodiversity and land degradation focal areas has resulted in each operational focal point having to make choices among projects that compete for a fixed amount of resources. Therefore, they are very aware of what is being done and making sure their priorities and their own ideas are pre-eminent. Before GEF4, when the system was a pipeline of first-come-first-served, no thought was given to prioritizing and good use of the money and indeed there were many supply-side projects. This is no longer the case.

Finally, the GEF is also gearing up to provide more choice of agencies that countries can partner with. We are about to pilot a process, to further implement provisions of paragraph 28 of the GEF Instrument, to admit more qualified agencies, including national entities, as GEF project agencies to design and implement projects.

#### Fragile Context

The MAR rating of “unsatisfactory” is a little misplaced as this area is not explicitly in the mandate of the GEF. The GEF has a specific mandate to provide resources to countries to generate global environmental benefits, and its strategies, policies, and resource allocation system reflect this mandate. Nevertheless, over the years, the GEF has tried to provide more resources, on the margin, to the poorest countries. For example, in more recent modification of the allocation system, all eligible countries, including LDCs and SIDS get individual allocations in biodiversity, climate change and land degradation; countries with total allocations below \$7 million get to use these allocations in a flexible manner across the focal areas. From GEF-3 to GEF-4, the share of resources programmed in LDCs and SIDS has increased from 12 percent to 18.4 percent.

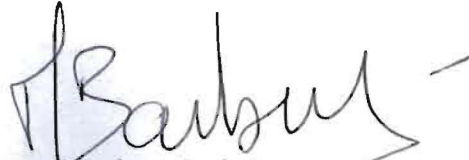
#### Gender Equality

The GEF was rated “unsatisfactory” on this issue. We are working to address this weakness. The GEF RBM framework includes quite a few relevant gender-related indicators. In addition, we are preparing a policy for gender mainstreaming, along with environmental and social safeguards that are being developed in the context of expanding the GEF partnership. Entities that propose to implement projects with GEF resources will have to demonstrate that they meet the provisions of these safeguards, including having appropriate gender mainstreaming policies, in addition to meeting minimum GEF fiduciary standards. The safeguards and gender policy will be discussed at the May 2011 meeting of the GEF Council.

With the above-mentioned reforms in place, I am sure that the GEF will vastly improve its rating at the next MAR. We are concerned about MAR finding that concern was raised regarding the access to financing under the adaptation funds under the GEF. We would appreciate receiving more background and analytical information regarding this finding so that we may develop corrective action.

In closing, I would like to thank DFID for its unstinting support of the GEF. If you require further clarification, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Barbut', with a long horizontal stroke extending to the right.

Monique Barbut  
CEO and Chairperson  
Global Environment Facility