



Global Environment Facility

GEF/ME/C.28/Inf.2
May 15, 2006

GEF Council
June 6-9, 2006

MANAGEMENT ACTION RECORDS

(Prepared by the GEF Evaluation Office)

Background

1. At its meeting in November 2005, the Council reviewed document GEF/ME/C.27/3, *Procedures and Format of the Management Action Record*. The Council approved the procedures for preparing the GEF Management Action Record (MAR) as well as its format for reporting on follow-up to Council decisions concerning independent evaluation reports and their management responses.
2. The Council also requested the Secretariat and the GEF Evaluation Office to prepare MARs in consultation with appropriate entities for submission to the June 2006 Council session. The format and procedures were developed in consultation with the Secretariat and the Implementing Agencies while at this juncture there is little involvement of the Executing Agencies.
3. Each MAR contains columns for recommendations, management responses, and Council decisions completed by the Office. Management is invited to provide a self-rating of the level of adoption of Council decisions on recommendations, and comments as necessary. Subsequently, the Office enters its own rating of adoption with comments in time for presentation to the Council. The ratings to assess the progress towards adoption the Council's decisions are the following:
 - (a) **High** - Fully adopted;
 - (b) **Substantial** - Largely adopted but not fully incorporated into policy, strategy or operations as yet;
 - (c) **Medium** - Adopted in some operational and policy work, but not to a significant degree in key areas, and
 - (d) **Negligible** - No evidence or plan for adoption, or plan and actions for adoption are in a very preliminary stage.
4. Management Action Records will be updated annually. After an item has been reported as fully adopted or **no longer relevant**, it will be deleted from the MAR, and after all items have been adopted, the MAR will be archived.
5. In accordance with the procedures, the Office prepared draft MARs for reports that received a management response. These seven MARs were forwarded to the Secretariat on March 17, more than two months prior to the Council session. The Office requested that management input be received by April 17 to allow sufficient time to verify the assessment and draft a synthesis to be included in the Annual Performance Report. Two MARs were received the last week of April, four more the first week of May, and the final one on May 8. The late receipt of MARs has impaired the Office's ability to verify management's assessment of progress towards adoption of Council decisions.
6. The Office's assessment is in almost all cases indicative. In one case an exception must be made. GEF management assesses progress towards transparency in the GEF approval process as "medium," given the fact that the work towards establishing a new database for GEF projects has started. Our assessment of the adoption rate of the decision

of Council on transparency in the system of June 2005 is based on corresponding evidence of the GEF Country Portfolio Evaluation and the on-going work in the Joint Evaluation of the GEF Activity Cycle and Modalities, as well as the consultative process. The Office concludes that the adoption rate has been negligible so far. The reality for project proponents on the country level has not changed. Information on where projects are in the process is still not available.

7. The Office believes that making information available in a transparent way is not rocket science, nor does it need to rely on new database software or systems. What is needed is discipline in gathering information and presenting it in a clear way on a website.

8. This first presentation of the MAR has been an experiment and a learning experience. Despite earlier consultations and agreements in principle on how the MAR should be addressed, differences of opinion on how the ratings should be applied played an important role in the delay on the GEF management side to deal with the MAR. The result was that the Office did not have sufficient time to verify the ratings. Based on our knowledge through other sources and evaluations we have **indicated** the ratings that we believe would be justified. Our ratings are either indicative or verified. The Office will present the MARs to the GEF Management again in March 2007 and is confident that the second time around GEF Management will be able to deliver their own assessment of the adoption of Council decisions on evaluations in time to ensure that the Office can verify the ratings.

Management Action Records

9. Attached are seven Management Action Records including:

- Review of GEF's Engagement with the Private Sector
- Program Study on Biodiversity
- Program Study Climate Change
- Program Study International Waters
- Annual Performance Report 2004
- Review of the GEF Operational Program 12
- The Role of Local Benefits in Global Environmental Programs

Management Action Record
GEF's Engagement with the Private Sector (GEF/ME/C.23/Inf.4, May 2004)
Management Response (GEF/ME/C.24.6, Nov 2004)

Recommendation	Management Response	Council Decision	Rating in Progress of Adoption*			
			Mgmt	Comments	GEF EO	Comments
N/A	N/A	May 2004 - <i>Decision on Agenda item 6</i> - The Council takes note of the conclusions and recommendations of the <i>Review of GEF's Engagements with the Private Sector (Final Report)</i> .	N/A	N/A	N/A	N/A
GEF should prepare a comprehensive strategy for engaging with the private sector both directly and indirectly by influencing overall policy frameworks and market conditions. The new strategy should include (a) the objectives of private sector engagement within the context of GEF's overall and sector strategies; (b) the use of appropriate modalities of support; (c) GEF policy on risk sharing, co-funding and leveraged funding; (d) the establishment of a transparent tracking tool to monitor project progress; and (e) further guidelines for the measurement of global environmental impact.	A decision document, <i>Principles for Engaging the Private Sector</i> , GEF/C.23/11, was submitted for discussion at the May 2004 Council meeting. Given the heavy agenda of the Council at that meeting, the document was not discussed. The document lays out three broad areas of engagement with the private sector: (i) indirect engagement by helping create market conditions in recipient countries; (ii) direct engagement with the private sector through projects aimed at dealing with incremental risk; and (iii) providing firms with procurement opportunities in GEF projects. The strategy will be better articulated in FY05 and FY06 with the collaboration of the IAs and EAs and in consultation with private sector stakeholders. Specific attention will be paid to addressing the following topics: (a) A clearer understanding of the expectations of various partners in a project/program context, to	Nov 2004 – <i>Decision on Agenda item 6 (b)(ii)</i> – The Council takes note of document GEF/ME/C.24/6, <i>Management Response to the Review of GEF's Engagement with the Private Sector</i> , and requests the GEFSEC to articulate a private sector strategy, with the collaboration of the IAs and EAs, and in consultation with private sector stakeholders. The strategy should be based on an analysis of the barriers to private sector participation in the GEF and means to overcome those barriers. The strategy should consider: (a) expectations of various partners in a project/program context to ensure that	Substantial	The GEFSEC has prepared, in collaboration with the IAs, and in consultation with private sector representatives, the first phase of a strategy to enhance engagement with the private sector, which was discussed by the Council in November 2005. A second phase of the strategy—responding to Council comments and reflecting draft policy recommendations currently under discussion in the Fourth Replenishment — will be submitted for Council review at the June 2006 meeting.	Substantial (verified)	The GEF Evaluation Office agrees to the assessment of GEF management.

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	<p>ensure that appropriate risk-sharing arrangements are established amongst the various partners;</p> <p>(b) Roles of the IAs and EAs to define the types of projects that are most appropriate to the capabilities and comparative advantages of each agency;</p> <p>(c) Identification of staffing needs at the Secretariat and the Agencies in the context of implementing the strategy;</p> <p>Norms for identification and selection of private sector partners on a competitive and transparent basis, and criteria for rewarding performance.</p>	<p>appropriate risk-sharing arrangements are established amongst the various partners;</p> <p>(b) roles of the IAs and EAs with a view to defining the types of projects that are most appropriate to the capabilities and comparative advantages of each agency;</p> <p>(c) norms for identification and selection of private sector partners on a competitive and transparent basis, and criteria for rewarding performance.</p> <p>The strategy should also include clear operational guidelines on the scope of collaboration with the private sector. In this regard, the Secretariat is also requested to work with the Trustee to develop clear guidelines on the use of guarantees and loans in GEF projects.</p> <p>The GEFSEC is requested to prepare the strategy for consideration by the Council at its meeting in December 2005.</p>				

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Management Action Record
Program Study on Biodiversity (GEF/ME/C/C.24/Inf.1, Nov 2004)
Management Response (GEF/ME/C.24/7)

Recommendation	Management Response	Council Decision	Rating in Progress of Adoption*			
			Mgmt	Comments	GEF EO	Comments
N/A	N/A	<p>Nov. 2004 - Decision on Agenda Item 6(c) - The Council, having reviewed the <i>Executive Summaries of the Program Studies on Biodiversity, Climate Change and International Waters</i> (document GEF/ME/C.24/2), requests the OPS3 team to take the program studies (GEF/ME/C.24/Inf.1, Inf.2 and Inf.3) into consideration when preparing OPS3. The Council takes note of document GEF/ME/C.24/7, <i>GEF Management Response to the M&E Focal Area Program Studies</i>, and invites the OPS3 team to take it into consideration in undertaking its work.</p>	N/A	N/A	High	The program studies and the management response were taken into consideration in OPS3.
		<p>Furthermore, Council requests the GEF Office of Monitoring and Evaluation to prepare a more extensive presentation of these studies for discussion at the June 2005 Council meeting, taking into</p>	N/A	N/A	No longer relevant	The program studies were put on the agenda of the June 2005 Council meeting, but discussions of the draft OPS3 report took precedence.

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		consideration the discussions at this Council meeting and the management responses to the studies.				
The contribution of protected areas to conserving global biodiversity - Despite its very significant financial and technical contribution toward expanding the world's protected areas and protected area networks while at the same time enhancing their management, the GEF has yet to conduct a study that looks at the additive or aggregate contribution of local, project, or site-level outcomes and impacts of protected areas to the GEF's overall contribution to higher level, global biodiversity impacts (GEF EO). Furthermore, future investments in protected areas should be accompanied by more intentional consideration of the full range of protected areas and their underlying conservation objectives. By better distinguishing among the different categories of protection and their differing conservation objectives, support can be better rationalized. (GEFSEC and IAs)	The management response suggests that the most effective way to address all of the important issues raised is for the recommendations to be systematically taken into account through the development of Strategic Priorities for GEF-4.	Nov. 2004 – Decision (See above)	High	The Replenishment Document and the Strategic Priorities in Biodiversity for GEF-4 have systematically incorporated the findings of OPS3. The GEF Biodiversity Focal Area has adopted a set of standard indicators that roll-up from the project to the portfolio level in order to track the cumulative impacts of the portfolio.	Substantial (indicative)	There has been progress towards implementing this recommendation. The Bio program has advanced as much as it would be expected and possible although no plans for a review of protected areas projects is not planned. Furthermore, GEF-4 is not yet approved. The tracking tools will have the information necessary to conduct the study on the contribution of the GEF towards PA. The same tracking tool incorporates fully the recommendation of projects having the background to consider the different approaches for PAs.

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<p>Sustainable use and the Ecosystem Approach - There is now a clear opportunity to forge a linkage between the operationalization of both the Addis Ababa Principles, recently endorsed by COP7, which underpin the practice of sustainable use, and the Malawi Principles underlying the Ecosystem Approach. The complementarities are particularly relevant on issues of governance, policy, legislative frameworks, spatial and temporal scales of management, land tenure and land-use planning, adaptive management of the resource under use, and potentially damaging impacts of uses on ecosystems services (GEFSEC and IAs).</p>	<p>The strategic emphasis of the portfolio is directed towards conserving and sustainably using biodiversity within protected areas and mainstreaming biodiversity in production landscapes and sectors (Strategic Priority One- Catalyzing Sustainability of Protected Areas and Strategic Priority Two- Mainstreaming Biodiversity in Production Landscapes and Sectors, respectively). These two strategic priorities reflect current thinking in the conservation community of the imperative to both secure the global protected area estate while integrating biodiversity considerations into those sectors that provide an opportunity for biodiversity conservation and sustainable use to develop and persist within more far-reaching socio-economic processes.</p> <p>In order to support these two main areas of investment, lessons learned from successes and failures in conservation and sustainable use of biodiversity are identified, disseminated and incorporated into future project design and implementation and this objective is supported through Strategic Priority Four-Generation and Dissemination of Best Practices for Addressing Current and Emerging Biodiversity Issues.</p>	<p>Nov. 2004 – Decision (See above)</p>	High	<p>The Replenishment Document and the Strategic Priorities in Biodiversity for GEF-4 have systematically incorporated the findings of OPS3.</p>	Substantial (indicative)	<p>The GEF-4 strategies in Bio have incorporated the concept of ecosystem approach, looking outside the protected areas. No results can be expected yet and the GEF-4 programming has not been approved.</p>
<p>Access and benefit sharing - The study found that the current concept of access and benefit sharing of genetic resources (ABS) is considered and applied in different ways, by different stakeholders, at</p>	<p>The management response suggests that the most effective way to address all of the important issues raised is for the recommendations to be systematically taken into account through the development of</p>	<p>Nov. 2004 – Decision (See above)</p>	Substantial	<p>The Replenishment Document and the Strategic Priorities in Biodiversity for GEF-4 have systematically incorporated the findings of OPS3. Access and Benefit</p>	Substantial (indicative)	<p>Certainly, the GEF-4 Bio priorities have incorporated the ABS topic in SP4 (although it is not yet approved). The Bio task force has discussed the issue of ABS and how the GEF</p>

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different times and in different contexts. Clarity is needed among all individuals or parties involved in discussions, negotiations, or other communications involving this concept. Failure to identify the confusion and make critical distinctions has led to widespread misinterpretation and misuse of the concepts in many contexts within the CBD; consequently, unrealistic expectations have developed. In creating such expectations, the stage has almost certainly been set for widespread disappointment in the future, when any and all use of biological resources is expected to provide benefits to one and all (CBD, STAP and GEFSEC).	Strategic Priorities for GEF-4.			Sharing is an explicit issue to be prioritized under SP-4.		should respond but no final conclusion has been reached yet.
Improvement of the enabling environment through mainstreaming - It is now widely accepted that successfully mainstreaming—or integrating—biodiversity considerations into all aspects and levels of society and governance will be the surest way to sustain conservation gains in the long term. However, the study found that, to date, not unlike ABS, the concept of mainstreaming biodiversity is defined and applied in different ways and in different contexts by different actors. The result is operational complications and confusion for the GEF Secretariat and the IAs. Given	Within Strategic Priority Two (Mainstreaming Biodiversity in Production Landscapes and Sectors), the GEF is seeking to catalyze mainstreaming through support for systemic and institutional capacity building while improving awareness and education among government agencies and other stakeholders. This is often being done through demonstrating mainstreaming.	Nov. 2004 – Decision (See above)	High	The Replenishment Document and the Strategic Priorities in Biodiversity for GEF-4 have systematically incorporated the findings of OPS3. Strategic Priority 2 (Mainstreaming in Production Landscapes and Sectors) will represent 30% of the proposed GEF-4 envelope in biodiversity.	Substantial (indicative)	In GEF-4, SP2 for Bio takes into account the recommendation and clarifies the role of mainstreaming biodiversity. No results could be expected yet since projects are just starting implementation. So the Bio program has advanced as far as expected.

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that mainstreaming in production landscapes and sectors has recently become one of the four new Strategic Priorities, guidelines and definitions should be developed to clarify exactly what types of activities, processes, and interventions are to be included and supported in the mainstreaming concept within the GEF context (GEF Secretariat and STAP).						
Selecting and linking indicators of impact - The selection of appropriate and measurable indicators and links between project-level indicators of outcomes and impacts and their relationships to indicators of the implicit goal of the GEF Biodiversity Program (i.e. positive changes in the status of global biodiversity) must be more clearly established, and dedicated work on this topic should be undertaken. In particular, the GEF EO should continue to provide guidance to IAs for conducting assessments of each project's impacts, including the development of guidelines on how to assess and assign a rating for the impact of every project in terminal evaluations. Such guidance would complement the present guidance that requires completed projects to assess and rate their outcome-level achievements (GEF EO and IAs).	We agree with the need to further refine, clarify, and strengthen the Strategic Priorities and the utility of the impact and coverage indicators and their associated targets.	Nov. 2004 – Decision (See above)	High	The GEF Biodiversity Focal Area has adopted a set of standard indicators that roll-up from the project to the portfolio level in order to track the cumulative impacts of the portfolio for both SP1 and SP2. Measurable targets have been developed for GEF-4.	Substantial (indicative)	Targets and indicators proposed for GEF-4 and in the tracking tool are still at the outputs and process levels, but not at the impact level. Although some projects are using impact indicators and target the program as a whole does not. Therefore at the end of GEF-4 we still will not be able to know the environmental impact of the GEF investments. There is a PDF-B under development ("Building the Partnership to Deliver the Global 2010 indicators) but it has not started yet.

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<p>Establishing baselines and monitoring changes over time - The establishment of indicator baselines should be considered mandatory within the first 12 months of a project and definitely prior to the release of further project funds thereafter. Furthermore, given its limited resources, the focus of the GEF should be to support monitoring activities aimed at collecting the necessary verification data to measure conservation outcomes and impacts in support of management actions. While newer projects have been establishing baselines, continued work in this regard is to be encouraged, particularly to ensure that both biodiversity and socioeconomic impact indicators are developed, measured, and analyzed at all levels, from outputs to outcomes to impacts (GEF Secretariat and IAs).</p>	<p>Further improvements are desirable in this aspect of our work. As indicated in the study, setting up proper systems for monitoring and evaluating impacts of strategic project interventions in the field of conservation and sustainable development is a costly exercise (typically 10 to 15% of core budget costs). Thus, this finding emphasized the imperative to clarify the roles and responsibilities of the Evaluation Office, GEF Secretariat Biodiversity Team, and the IAs on program- and project-level monitoring and reporting on impacts.</p>	<p>Nov. 2004 – Decision (See above)</p>	High	<p>In line with the new M&E minimum requirements, baselines are required by work program inclusion. In exceptional cases, baseline date may be required between work program inclusion and CEO endorsement or even during the first year of implementation.</p>	High (verified)	<p>The tracking tool is a great improvement in establishing baselines as well as the new requirements from the M&E policy.</p>
<p>Enabling program-level M&E - In consultation with the GEF Biodiversity Task Force, the GEF EO should develop standards and guidelines for monitoring and evaluation at the project level that can be “rolled up” to the program level, thereby allowing true evaluation of the performance of the entire portfolio and its efficiency and effectiveness in attaining its higher-level objectives (GEF EO).</p>		<p>Nov. 2004 – Decision (See above)</p>	N/A	N/A	Substantial	<p>The Bio tracking tool is providing most of the requirements in this recommendation. The main issue that still remains is how to measure at the impact level and how to roll-up. Furthermore, the new GEF M&E Policy has minimum requirements for projects M&E plans.</p>

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Strategic guidance and management of the Biodiversity Program. - The GEF Biodiversity Team needs to move on from simply administering a portfolio of projects to actively and strategically providing greater vision, better cohesion, proactive management and stronger delivery of the GEF Biodiversity Program (GEF Secretariat).	While we agree with the need to further refine, clarify, and strengthen the Strategic Priorities and the utility of the impact and coverage indicators and their associated targets, we believe the Study failed to acknowledge that these efforts have already brought substantial strategic direction to the GEF Biodiversity Program during GEF-3.	Nov. 2004 – Decision (See above)	High	Completed in Replenishment Document for GEF-4.	Substantial (indicative)	Transferring the monitoring function to the GEFSEC has provided the full mandate for the Bio team to move from administering to managing the portfolio.
Institutional policies, rules, and regulations - Given the increasing number of partners involved in project implementation, the GEF should develop clear policies, rules, and regulations of its own, particularly on issues of a highly political nature and profile (for example, relocation, indigenous people, land tenure, stakeholder participation, etc.) (GEF Council).	The study identified a total of 43 recommendations, many of which are directed towards institutional issues such as GEF procedures and operational policies. It is useful that the recommendations are prioritized in term of importance and urgency so that the GEFSEC and the IAs are able to systematically look into their implementation and develop a realistic plan of action.	Nov. 2004 – Decision (See above)	N/A		Negligible (verified)	Council has not discussed these issues at the policy levels.
A streamlined review process - Presently the GEF project cycle is unacceptably long and requires repeated reviews and revisions. This process could be streamlined by reducing the number of stages at which project proposals must be reviewed and instead having a single, exhaustive review to be conducted by the GEF Secretariat with the support of one or more senior experts from the STAP roster at the beginning of the process (pipeline entry), coupled with more involvement during	The management response suggests that the most effective way to address all of the important issues raised is for the recommendations to be systematically taken into account through the development of Strategic Priorities for GEF-4.	Nov. 2004 – Decision (See above)	High	The Replenishment Document and the Strategic Priorities in Biodiversity for GEF-4 have systematically incorporated these findings.	Negligible (indicative)	GEF has not made any changes to the project cycle. The Joint Evaluation conducted by the GEF EO in collaboration with other agencies will provide some feedback into how to make the process more transparent and efficient. The MIS system proposed by the GEFSEC is still under development.

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project implementation to review conformity with GEF principles (GEFSEC).						
Budgets and project duration scaled to biodiversity objectives, needs, and capacity - The GEF Council should request a high-level institutional review and reconsideration of the budgeting process and short-term, project-based approach currently applied in the Biodiversity Program, in an attempt to better link the financial resources allocated with the stated biodiversity objectives, needs, and capacities of the executing agencies to implement the proposed projects (GEF Council).	The management response suggests that the most effective way to address all of the important issues raised is for the recommendations to be systematically taken into account through the development of Strategic Priorities for GEF-4.	Nov. 2004 – Decision (See above)	High	The Replenishment Document and the Strategic Priorities in Biodiversity for GEF-4 have systematically incorporated these findings of OPS3.	Medium (indicative)	There are still unclear guidelines on how budgets are developed. The GEF EO evaluation on incremental costs methodologies may provide some more information on how project costs and budgets are defined.
Project phasing - Within the current project-based approach, proposed interventions should be conceptualized and designed in a way that appropriate phasing is built in from the outset, allowing them to evolve gradually, at a pace that aligns well with the assimilation capacities on the ground rather than following the current norm of massive inputs to executing agencies that often reach their saturation point early on. While this “trickle feed” approach may result in a far longer project cycle or a cycle of phased or inter-related projects, a slower infusion of funds over a longer period of time should allow better	The management response suggests that the most effective way to address all of the important issues raised is for the recommendations to be systematically taken into account through the development of Strategic Priorities for GEF-4.	Nov. 2004 – Decision (See above)	High	The Replenishment Document and the Strategic Priorities in Biodiversity for GEF-4 have systematically incorporated these findings of OPS3.	Medium (indicative)	GEF still does not have clear guidelines on how to prepare phased projects, although the implementation of the RAF may require this given the funding constraints.

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absorption as well as the opportunity to scale up over time (GEF Secretariat and IAs).						

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Management Action Record
Program Study on Climate Change (GEF/ME/C.24/Inf.2, Nov 2004)
Management Response (GEF/ME/C.24/7)

Recommendation	Management Response	Council Decision	Rating in Progress of Adoption*			
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N/A	N/A	<p>Nov. 2004 - Decision on Agenda Item 6(c) - The Council, having reviewed and taken note of the <i>Executive Summaries of the Program Studies on Biodiversity, Climate Change and International Waters</i> (document GEF/ME/C.24/2), requests the OPS3 team to take the program studies (GEF/ME/C.24/Inf.1, Inf.2 and Inf.3) into consideration when preparing OPS3. The Council takes note of document GEF/ME/C.24/7, <i>GEF Management Response to the M&E Focal Area Program Studies</i>, and invites the OPS3 team to take it into consideration in undertaking its work.</p>	N/A	N/A	High	The program studies and the management response were taken into consideration in OPS3.
N/A	N/A	<p>Furthermore, Council requests the GEF Office of Monitoring and Evaluation to prepare a more extensive presentation of these studies for discussion at the June 2005 Council meeting, taking into consideration the</p>	N/A	N/A	No longer relevant	The program studies were put on the agenda of the June 2005 Council meeting, but discussions of the draft OPS3 report took precedence.

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		discussions at this Council meeting and the management responses to the studies.				
1. The GEFSEC should take the lead in improving overall strategic coherence by clarifying the overarching goal of market transformation outcomes that contribute to GHG emissions reduction or avoidance, and the manner in which existing OPs and associated strategies contribute to this overall goal.	The GEF Climate Change Task Force acknowledges that the programming framework needs clarification, fine-tuning, and in some areas, rethinking. The thinking within the GEF climate change focal area has evolved on a continuing basis from the development of the operational strategy and programs to the identification of clusters of similar projects, to the formulation of strategic priorities to increase effectiveness and impact. The thrust of these activities and their logical progression has been to constantly re-focus and to concentrate efforts so as to demonstrate impact more effectively, based upon feedback drawn from experience. We also acknowledge that certain policy issues—such as the mix and eligibility of technologies, the approach to carbon finance, and the value of on and off-grid renewable electricity—will have to be addressed in the process.	Nov. 2004 – Decision (See above)	High	GEF CC Task Force worked throughout 2005 to revise the programming framework and programming priorities in response to the conclusions of OPS and the CCPS2. The new programming framework defined for use in GEF 4 has been presented as part of the Replenishment discussions. See GEF Climate Change Strategy Working Draft (GEF/R.4/Inf.7).	Substantial (indicative)	The draft CC strategy incorporated the study recommendations in focusing on market transformation. The GEF-4 recommendations are not yet approved. It is suggested to continue to track full implementation in policy decisions, strategy and operations. Work remains to develop a set of climate change indicators that fully reflect and match this framework in focusing on strategies for market transformation.
2. The GEF should improve strategic choice and resource allocation within its Climate Change Program, in order to ensure that the bulk of the portfolio is directed towards mitigation efforts in countries with relatively higher levels of GHG emissions and market transformation potential. For countries with significant GEF portfolios, integrated GEF	The GEF management response is to take careful note of this recommendation and the associated caveats, and to encourage the development of a cost-effective, country-driven portfolio consistent with its constantly evolving programming framework. The study reminds GEF to bear in mind that the most promising mitigation opportunities are found in countries with highest	Nov. 2004 – Decision (See above)	Substantial	As GEF has adopted the Resource Allocation Framework for use in GEF 4 in the BD and CC focal areas, this rationalization will occur. Preparations have been made to notify countries about the RAF and its implications for country programming.	Substantial (indicative)	The RAF allocates funds to countries based on GHG (not market transformation potential per se). The issue of integrated GEF country strategies and explicit priorities for smaller portfolios has not been addressed. This emerged from the finding on “inconsistent focus within countries [on major climate change needs].” It is not as

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country strategies need to be developed; smaller portfolios require, at least, explicit priorities.	GHG emissions. GEF management will continually strive to deploy GEF's resources in the most cost-effective manner, minimizing any likely inefficient allocations while also taking into account the strategic opportunities offered by facilitating low-GHG development paths in countries that do not presently emit large quantities of GHG's. Finally, it is worth noting that whatever decision the GEF Council finally makes regarding resource allocation frameworks will be used to define future resource allocations.					yet clear how the GEF will work with countries on re-endorsement on concepts taking this into account.
3. The GEFSEC should provide explicit guidance regarding the realistic calculation of GHG avoidance or reduction in project design and implementation and the manner in which impacts should be monitored and reported.	Management accepts this recommendation. With all of the caveats made earlier about the pitfalls of reducing the complexity of GHG avoidance to a single number, the GEFSEC has worked with the IAs and EAs and the GEF Evaluation Office to further develop an approach to estimating GHG emissions avoided through GEF projects (cf. GEF/C.24/3). As this methodology has been defined, tested, and refined over the past two years, the next logical step will be to publish it as a guide for project proponents. We fully expect to have this methodological guideline published by the end of the 2005 fiscal year.	Nov. 2004 – Decision (See above)	Medium	The GEF Secretariat has prepared guidelines for estimating GHG emissions avoided from GEF-sponsored projects. These have been published in draft and are expected to be used for all projects being submitted to Council for approval. Over the coming year, these guidelines will be operationalized into a spreadsheet-type program to simplify the work done by the agencies to produce these estimates. However, the methodology remains particularly weak in two of the newer programming areas: Sustainable Transport and Adaptation. With respect to sustainable	Negligible (indicative)	Work-in-progress guidelines dated 8 May 2006 were reportedly shared directly with the Implementing Agencies; the EO and Executing Agencies were not copied. The guidelines cover OP5 only. Work has not continued on the guidelines since then. This does not reflect explicit guidance to "develop and disseminate consistent and clear guidance" as requested by the program study. The efforts to develop simpler guidelines in the future would be appreciated.

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			Mgmt	Comments	GEF EO	Comments
				transport, this OP was not developed at the time that the earlier M&E work focusing on indicators was carried out. Further resources are required to tailor this methodology to Transport. In the case of Adaptation, while the Adaptation sub-Task Force is aware of the challenge of developing relevant indicators, resources are required to develop meaningful indicators of adaptive capacity in the given areas in which the GEF works.		
4. The GEFSEC, together with the IAs and assisted by GEF EO and STAP, should develop a strategic and pragmatic approach to capturing and sharing information and knowledge within the climate change area, both among projects and between headquarters' and the field and supported by electronic knowledge systems.	Management welcomes this recommendation and is eager to pursue knowledge management activities first throughout the GEF family and eventually beyond it to the rest of the world. We share with the evaluation team the favorable view of the knowledge management activities initiated by both UNDP and the World Bank's GEF team. We have been encouraged by the attention given to this topic by STAP over the past year. Over the coming year, the CC task force hopes to work with all concerned parties to design a system of knowledge management that is concrete, strategic and suited to GEF's primary role as an institution committed to learning by doing and catalyzing innovative activities in pursuit of global environmental benefits.	Nov. 2004 – Decision (See above)	Medium	All IA's and the GEF Secretariat have begun to collaborate more openly on knowledge management. This year's PPR will highlight this work done to date. Resources will be required to make this a more coordinated, cross-agency initiative.	Medium (indicative)	A number of Agency initiatives in knowledge management have been discussed in the CC task force related to the PPR. The CC focal area provided active support to the January 2006 workshop on a possible knowledge management strategy for the GEF. Resources could be addressed following a prompt development of a strategy; while exchange of existing information among the Agencies should not require additional resources.

Recommendation	Management Response	Council Decision	Rating in Progress of Adoption*			
			Mgmt	Comments	GEF EO	Comments
5. The GEF EO should provide support to the suggested task of improving the strategic coherence of the climate change program by providing guidance, tools and indicators for assessing GHG impacts, market transformation outcomes and the effectiveness of associated strategies in specific OPs and priority areas.		Nov. 2004 – Decision (See above)	N/A	N/A	Substantial	The Office has provided advice to the CC Team on the proposed new strategy and measurement of results and priorities; a detailed methodological review of the proposed indicator framework; and made the GHG methodology and database from the study available for further use. The Office continues to offer support on request.

*Level of adoption may be rated in four ways: **High**: Fully adopted, **Substantial**: Largely adopted but not fully incorporated into policy, strategy or operations as yet, **Medium**: Adopted in some operational and policy work, but not to a significant degree in key areas, and **Negligible**: No evidence or plan for adoption, or plan and actions for adoption are in a very preliminary stage.

Management Action Record
Program Study on International Waters (GEF/ME/C.24/Inf.3, Nov 2004)
Management Response (GEF/ME/C.24/7)

Recommendation	Management Response	Council Decision	Rating in Progress of Adoption*			
			Mgmt	Comments	GEF EO	Comments
N/A	N/A	<p>Nov. 2004 - Decision on Agenda Item 6(c) - The Council, having reviewed and taken note of the <i>Executive Summaries of the Program Studies on Biodiversity, Climate Change and International Waters</i> (document GEF/ME/C.24/2), requests the OPS3 team to take the program studies (GEF/ME/C.24/ Inf.1, Inf.2 and Inf.3) into consideration when preparing OPS3. The Council takes note of document GEF/ME/C.24/7, <i>GEF Management Response to the M&E Focal Area Program Studies</i>, and invites the OPS3 team to take it into consideration in undertaking its work.</p>	N/A	N/A	High	The program studies and the management response were taken into consideration in OPS3.
		<p>Furthermore, Council requests the GEF Evaluation Office to prepare a more extensive presentation of these studies for discussion at the June 2005 Council meeting, taking into consideration the discussions at this</p>	N/A	N/A	No longer relevant	The program studies were put on the agenda of the June 2005 Council meeting, but discussions of the draft OPS3 report took precedence.

Recommendation	Management Response	Council Decision	Rating in Progress of Adoption*			
			Mgmt	Comments	GEF EO	Comments
		Council meeting and the management responses to the studies.				
1. The production and use of an accessible GEF IW Focal Area manual to clarify the concepts, tools and processes that are giving rise to recurrent difficulties for project design and implementation.	This recommendation echoes a similar observation made by OPS2. GEF responded to this request and the results were published by the Evaluation Office as Working Paper 10, <i>Monitoring and Evaluation Indicators for GEF International Waters Projects</i> , November 2002. Using the existing product as a starting point, we could produce such a manual for GEF-4 that incorporates experience gained during GEF-3. We will undertake the work of producing the proposed manual included in Recommendation One. In the interim, M&E Report Working Paper 10 will serve as a stop-gap measure. A training course on the TDA/SAP process and the focal area has been under development for two years and its final design took place October 3-8, 2004. This course and its modules will be utilized in the training of new project staff, governments and technical experts to address deficiencies in the understanding of the TDA/SAP approach that have been recognized since OPS2.	Nov. 2004 – Decision (See above)	Medium	The Management Response (MR) noted that M&E Indicators Paper # 10 will be used until funding is provided to the IW Task Force to produce this manual. While progress on the manual is negligible, there is moderate progress in using the M&E Paper # 10 and a training course for GEF IW project staff to fill the interim gap. The M&E paper has been provided in hard copy to all GEF IW projects at its June 2005 IW portfolio conference in Brazil, and a training course that was developed on the focal area was also presented at the June portfolio conference, at the April 2005 CSD session on water and to IW projects and those in preparation.	Medium (indicative)	The IW task force with the leadership of the GEF Secretariat has demonstrated a strong commitment to follow-up the recommendations of the IW program study. The overall progress made by the focal area is commendable considering that some of the recommendations will take time and additional resources to fully implement. Additional resources and a fully staffed IW team in the GEF Secretariat will be particularly important to properly address recommendation 1 on the IW manual and recommendation 2 on the comprehensive M&E system.
2. To develop a comprehensive M&E system for IW projects that ensures an integrated system for information gathering and assessment throughout the lifespan of a project.	In the case of international waters, project level indicators that were included in EO Working Paper 10 can be used as objective indicators of progress in IW projects and the implementation of a simple M&E system reporting progress on those indicators in the three categories would be welcomed.	Nov. 2004 – Decision (See above)	Medium	This recommendation is related to the multi-year task of developing a GEF Results Management Framework as part of reforming the GEF Monitoring function. The Task Force has made progress in	Medium (indicative)	The development of a comprehensive M&E system will take time and considerable resources that thus far the focal area has lacked. Nonetheless the focal area has taken important steps in the development of an IW framework to aggregate

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	We propose that the indicators framework included in EO Working Paper 10 be used to provide a simple, readily understood framework for reporting and assessing implementation progress on individual projects consistent with Recommendation Two.			developing its Results Framework based on M&E Indicators Paper # 10. Progress was reported to GEF corporate PIR meeting in Jan 2006, and the template for annual reporting is under development.		indicators from the project to the program level. The task force is also developing indicators to measure stress reduction results for specific clusters of IW projects using existing scientific evidence to identify practical and cost effective proxy indicators and to develop indicators of the catalytic likelihood of GEF operations.
3. The incorporation of a regional-level coordination mechanism for IW projects. This would be: (1) to increase the synergies between IW projects within defined natural boundaries and their focus on global benefits; (2) to enable communication and coordination with relevant projects in other focal areas; (3) to enhance feedback between projects and the IW Task Force; and (4) to facilitate implementation of the M&E strategy at the regional level.	GEF IAs are beginning to recognize the problem of coordination among projects and existing shortfalls in supervision. New approaches are being executed to address these issues in a limited number of test regions that were not covered in the Program Study such as in the five Sahelian transboundary river basin projects and the developing Agulhus-Somali Large Marine Ecosystem projects. Increasing project supervision and oversight of complex, multi-country projects is a needed investment to improve project and portfolio performance. However, it should be noted that this will increase costs to all parties involved in the projects: the IAs, the on-the-ground Executing Agencies, and even perhaps the GEFSEC. Recommendation Three involves regional level coordination and enhanced annual supervision so that projects actually accomplish what the project briefs indicate they intend to accomplish. In the case of UNDP, resources in terms of half-time staff in international waters in three regions are being	Nov. 2004 – Decision (See above)	Substantial	During the 2005 PIR, the IW Task Force examined groupings of projects in the same geographic area to promote coordination and communication among IAs and interactions among those projects and has agreed to examine this issue in annual performance monitoring. Agencies are following up on individual clusters of projects as a result—good examples being the cluster in the Western Indian Ocean and in Argentina and Uruguay. GEFSEC is requiring new projects in the same geographic area to develop such coordination mechanisms in logframes with funding and reporting requirements and is encouraging this for projects in other focal	Substantial (indicative)	The Evaluation Office agrees that there has been substantial progress regarding this recommendation. Task force meetings are used to promote interagency coordination which has benefited some projects. Implementing Agencies have taken important steps to strengthen support and coordination of IW projects. The IW Program Study recommended that the GEF Secretariat assume an oversight role in GEF sponsored IW partnerships. The Secretariat has started to attend some of the regional and partnership meetings. Nevertheless, the Office agrees that given the magnitude of the investments in GEF IW partnerships it is important to provide the Secretariat and the task force with sufficient resources to carry out the appropriate oversight.

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	<p>added to remedy the situation. Regarding regional coordination, a cluster of 5 new international waters projects in the Sahel, and one cluster in East Africa have all been prepared with additional resources dedicated to coordination. Each project has allocated specific resources to support collaboration among the projects. GEF is committed to continue to program coordination resources in current and future projects.</p> <p>Two new IW projects in the November 2004 Council work program allocate additional supervisory resources to support annual technical assistance missions. For example, the Gulf of Honduras project in the work program contains a specific linkage component to the adjacent Mesoamerica Barrier Reef biodiversity project and an output is reflected in the logframe with associated resources. Regional coordination has also been included as a feature in Strategic Partnerships as was done with the Danube/Black Sea Partnership, although the Program Study identified limited success in this specific instance. An upcoming "stocktaking" meeting in mid-November 2004 provides an opportunity to assess why this has not worked as well as originally envisaged and lessons learned from this experience will be integrated into future project designs.</p> <p>We welcome the recommendation's suggestion that</p>			<p>areas that are nearby. The GEF IW:LEARN program is assisting the task force in addressing this issue by promoting staff exchanges among IW projects and sponsoring learning events for regional groupings of projects. Beyond this, as the MR notes, additional resources for the Task Force are necessary to overcome the existing time limitations of the few staff dealing with IW.</p> <p>UNDP has responded well by increasing supervision capacity with 4 additional Regional Technical Advisors; UNEP now holds internal portfolio meetings to exchange experiences and focus on coordination, quality enhancement, and M&E Strategy; the World Bank has been active in coordination improvement for the Western Indian Ocean cluster of projects. Special attention has been given by the Task Force and agencies to improved coordination between the highly successful Danube commission and the downstream, less successful Black Sea</p>		

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	the IW task force add "oversight" of coordination requirements to its work. However, as noted previously, resources to support additional task force activities and parts of Recommendation Three will be required.			commission as well as to planning collaborative activities among the agencies within the larger Partnership. One such joint event is scheduled for Fall, 2006, and special attention is being directed to the Black Sea commission by UNDP and the Task Force. The lessons learned from the Danube/Black Sea Basin Partnership have been incorporated into other partnerships such as the ones approved by GEF Council in November 2005 and under consideration in June 2006.		
4. The redefinition of the GEF IW Task Force in order to enhance its role in the definition of technical guidelines and policies, ensure the optimum use of comparative advantages of the IAs within each intervention and also examine the selection of Executing Agency in accordance with agreed criteria.	Implementing recommendation four would enhance the role of the international waters task force and we welcome this suggestion. However, it is necessary to note that additional administrative resources for IA participation in task force corporate activities may be needed to undertake the proposed work. While the task force has an annual work plan, the tasks are greater than the human and financial resources allocated by GEF resulting in missed opportunities to improve portfolio performance. We acknowledge the need to redefine the work of the international waters task force to ensure that GEF would be in a position to maintain a globally coherent focal area, as noted in	Nov. 2004 – Decision (See above)	Medium	The redefinition of the Task Force to become a more pro-active, strategic entity in the global water policy arena will entail a multi-year transition and resources to enable its enhanced role. The IW Task Force has operated differently in the last year in terms of focusing on indicators and multi-project coordination with IAs working within their comparative advantages. This is evidenced by the Strategic Partnerships presented to the GEF Council in November	Medium (indicative)	The IW Task force has increasingly focused on multi-project coordination needs and increasingly functions as a forum to address technical issues affecting GEF Operations. The IW task force has been particularly diligent in the development of an indicator framework and is testing several innovative approaches to measure environmental and catalytic results of GEF projects. Some task force members from IAs are also taking the lead in some activities, such as the World Bank role in the development of environmental result indicators for nutrient

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	Recommendation Four. However, additional resources may be required to undertake the suggested elements of the Recommendation.			and the proposed new one for the Mediterranean Sea Large Marine Eco-system that is ready for GEF Council consideration as well as the Results Management Framework developed during 2005 and 2006. Further work on (a) indicator frameworks for Strategic Partnerships in cooperation with the EO and (b) scaling-up the policy work of the Task Force awaits provision of human and financial resources as noted in the MR to this M & E study.		reduction projects. The work of the task force has nevertheless been hampered by insufficient and uncertain resources to carry out its indicators work. Given the complex nature of the issues involved there is a need to draw the proper scientific and technical expertise to identify indicators tailored to GEF IW. This will require a significant investment of time and money.

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Management Action Record
Annual Performance Report 2004 (GEF/ME/C.25/1, May 2005)
Management Response (GEF/ME/C.25/2)

Recommendation	Management Response	Council Decision	Rating in Progress of Adoption*			
			Mgmt	Comments	GEF EO	Comments
N/A	N/A	June 2005 - Decision on Agenda Item 5(b) - The Council, having reviewed the document GEF/ME/C.25/1, <i>Annual Performance Report 2004</i> , takes note of the findings and the report's recommendations. The Council requests the GEF Evaluation Office to report at the May 2006 meeting on the follow-up to the following recommendations: (see a-d below)	N/A	N/A	High	This MAR reports on the follow-up on the 2004 APR recommendations.
The transparency of the GEF project approvals process should be increased. The GEFSEC and IAs should make project proposal status information available to proponents through internet accessible databases and project tracking tools.	We also agree with the need for increased transparency of the approval process, including the exploration of alternatives such as internet-accessible databases, as well as an active management approach to the project approval process. Some IAs, however, have pointed that the client-oriented nature of projects preparation makes the process quite transparent already.	June 2005 – Decision on Agenda Item 5(b) - (a) The transparency of the GEF project approval process should be increased. The GEF Secretariat is requested to prepare for Council review, options for making project proposal status information available to proponents through Internet accessible databases and project tracking tools. The GEF Secretariat, Implementing Agencies and Executing Agencies are also requested to update project	Medium	The Council approved a budget in November 2005 to upgrade the Management Information System in the GEF Secretariat. The Secretariat has launched the project in collaboration with the Information Solutions Group (ISG) of the World Bank. An Inter-Agency Steering Committee has been established to guide the project which will be managed by a project team comprised of the Secretariat, ISG and the Trustee. One of the outcomes will be to provide access to country	Negligible (verified)	The GEF EO thought its country visits carried out within the context of the Joint Evaluation and the Country Review has been able to verify that one year after this decision of Council no actual improvement in transparency are visible for project proponents in recipient countries. This MAR indicates that only UNEP is developing a web-base information system to provide information to project proponents. Other actions reported appear to be concentrating on providing information to GEF agencies and to country focal points.

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		information on the current projects;		operational focal points to track project approval status through a secure web interface. The project is targeted for completion in June 2007. Agencies are also undertaking similar steps. For example, UNEP/GEF is at final stages of upgrading its project database. The new system will provide web-based access to project status information to project proponents and the general public. Milestone dates will be posted for MSPs and FSP as they move through the GEF project review and approval system. In the case of the World Bank, each operational focal point is provided with a status update every six months on projects in the pipeline for their country. This is in addition to the existing Bank-GEF project database on its website, which is being upgraded. UNDP has, for many years, had a public project database on its website and this too is in the process of being upgraded.		The GEF Secretariat has taken some preparatory actions to develop a management information system and some actions have been taken to provide information to focal points. Nevertheless little has been done to address Council's main concern of making project proposal status information available to proponents.
GEFSEC should institute an active management approach to the project approvals process, including accountability for processing time standards within the	This is a useful and well designed one-time study that provides important and balanced findings regarding the causes for delays in GEF project preparation, even though it downplays important	June 2005 – Decision on Agenda Item 5(b) - (b) GEFSEC should, in consultation with the IAs and EAs, develop: (i) an active management	High	The Secretariat and the Agencies are awaiting the results of the EO Joint Evaluation of the GEF Activity Cycle before preparing options for a	Substantial (indicative)	The Secretariat and IAs have agreed on a criteria to review and determine projects that should be cancelled and some projects have been cancelled. But it

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			Mgmt	Comments	GEF EO	Comments
GEFSEC and IAs.	sources of delay, such as the time it takes to obtain endorsement letters from focal points, and the significance of the additional time required for GEF specific processes together with the innovative characteristics of many GEF projects that can require additional time for design. We agree with the recommendation for better delineation of roles, including focusing Council priorities on policy and program matters rather than project reviews. The increased technical scrutiny by Council often duplicates the technical review functions of the IA safeguard teams as well as the GEF Secretariat.	approach to the project approvals process, including accountability for processing time standards within the GEFSEC and IAs; (ii) a system, including criteria, for actively reviewing projects to determine which should be canceled, and (iii) report annually to the Council on progress in these areas;		fundamental streamlining of the project cycle. Implementation of the RAF may also have implications on the project review and approval process which need to be considered before changes to the current system are made. There are clear business standards for processing in the GEF Secretariat – transparent timetable established well in advance for reviewing concepts for pipeline entry and project proposals for work program inclusion. Service standards are in place for review of proposals for CEO approval and for CEO endorsement, as well as for Council Members to provide written comments on the work program. UNDP has a global corporate service standard of 3 days which applies to all interactions with governments and project proponents. Some teams, including those in the GEF unit, have shortened this to 2 days. It also has a well defined set of standard procedures and deadlines for management of the project preparation and review process and a database for tracking each step in the process and		is not clear that this criteria is systematically applied. The Secretariat has long established standards to review and respond to proposals and mostly these standards seem to be met. IA (except for UNEP) also report standards, but the Office was not able to verify the standards or the extent to which each IA complies with their own standards.

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				<p>monitoring, and following up on both slow moving projects, and missed clearance and approval deadlines by all partners. The Bank already has in place (for all projects, GEF and non-GEF) a service standard of 4 months between Bank management approval and project effectiveness. The Bank's GEF team agreed on a standard of 12 months for the GEF Council approval to Bank Management approval step. Both of these standards are monitored each year and reported in the PIR. In addition, elapsed time is monitored as part of the Bank-GEF work program/budget agreements for regional operations vice-presidencies. The Bank's criteria for dropping/canceling "slow-moving" projects meet or exceed GEF requirements, resulting in significant cancellations in the past three years. UNEP monitors elapsed time each year and reports on findings with the PIR. UNEP is also streamlining its internal project cycle and service standards will be specified. The Secretariat, in collaboration with the</p>		

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				<p>Implementing and Executing Agencies, has established a project cycle management system, whereby project concepts and project proposals which exceed agreed upon elapsed times are reviewed for dropping from the pipeline or cancellation from the work program.</p> <p>During 2005, out of 29 concepts subjected to such review, 11 concepts worth about \$50 million were dropped from the pipeline. Similarly, 21 project proposals were reviewed and it was recommended that 5 proposals worth \$40 million be cancelled from the work program. Cancelled projects are reported every year as part of the work program cover note (Annex F) for the Fall Council meeting.</p>		
<p>UNDP and UNEP should set in place terminal evaluation review processes for GEF projects to improve their quality and meet the concerns of the GEF.</p>	<p>This important section develops a robust methodology to assess the quality of the terminal evaluations conducted by the Implementing Agencies, although we question the validity of applying such methodology retroactively. Such methodology is useful to track the quality of terminal evaluations over time and if it is to be used in the future, this needs to be communicated to the IAs explicitly. In addition, we note that the small sample size limits the validity of</p>	<p>June 2005 – Decision on Agenda Item 5(b) - (c) UNDP and UNEP are requested to set in place terminal evaluation review processes for GEF projects to improve their quality and meet the concerns of the GEF Council about the quality and credibility of their terminal evaluations and ratings. EO is requested to review consistency of</p>	High	<p>UNEP has taken very seriously the recommendations concerning the need to improve the quality of terminal evaluations of GEF projects. Measures have been put in place to meet EO standards as follows:</p> <ol style="list-style-type: none"> 1. Adopted GEF EO 6-scale rating system to ensure TE ratings are comparable and to 	Substantial (verified)	<p>The GEF Evaluation Office has verified that UNDP and UNEP have taken important steps in ensuring the independence of the GEF terminal evaluation process. UNEP has also moved to improving the independence of the Evaluation and Oversight Unit. For these accomplishments the Office provides a satisfactory rating. The Office has verified that</p>

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	statistical analyses on these results. We agree with the EO that the observed decrease in UNDP ratings, for example, cannot necessarily be considered a trend because the sample size is based on six terminal evaluations only.	evaluations and ratings. The IAs and EAs are also requested to include in their project terminal evaluations an assessment of project monitoring and evaluation systems;		facilitate EO TE review process; 2. Enhanced TOR for Terminal Evaluations that incorporate EO requirements and standards; 3. Performs Quality Assessment Reviews of all TEs by UNEP's Evaluation and Oversight Unit (EOU); EOU reviews TE compliance with TOR and applies GEF EO criteria to assess quality of the TE; the Quality Assessment Review sheet by EOU is submitted to EO along with the TE. Results of the enhanced TE system will be fully reflected in TEs completed during FY06. UNDP has strengthened the independence of its review process for terminal evaluations by moving the review process out of the GEF units Monitoring and Evaluation team and into UNDP's core evaluation unit. It is currently examining ways to further increase the rigor of this mechanism.		while there have been some improvements in the quality of M&E reporting in terminal evaluation, a large proportion of terminal evaluations continue to provide insufficient information to properly assess the quality of project M&E. The Office considers that this is the start of a process of strengthening of the terminal evaluation process in these two agencies and looks forward to future reports of agency follow-up actions to ensure that independence and quality of the evaluation of GEF operations. In the 2005 APR the Office presents an assessment of ratings used by IAs in the terminal evaluation reports assessed in 2005.
Recommendations to improve project M&E systems have been issued in the past, as well as request to include an assessment of project M&E systems in all terminal evaluation reports. While there have been advances in	We agree that there has been a marked improvement in the number of projects with adequate M&E systems, as well as the quality of such systems. Although the report calls for further improvements, it is important to point out that many remaining	June 2005 – Decision on Agenda Item 5(b) – (d) The GEF EO is requested to issue more rigorous monitoring and evaluation standards as soon as possible. The GEFSEC is requested to	Medium	In February 2006, the Council approved the revised minimum M&E standards prepared by the Evaluation Office issued revised minimum M&E requirements. Agencies are adopting the	Medium (indicative)	The Office has verified that for the CEO approved projects in FY 2005, 58 percent met the minimum M&E requirements. The Office considers this a very low proportion of projects. The Office also understands

Recommendation	Management Response	Council Decision	Rating in Progress of Adoption*			
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<p>upgrading project M&E systems, there is still considerable room for improvement, and therefore the Office considers that these recommendations continue to be valid.</p>	<p>weaknesses are germane to some of the focal areas and cannot be attributed to the GEF alone. For example, measuring biodiversity impacts is impossible given the current levels of scientific uncertainty; instead, it is widely accepted that certain outcomes can be used as strong proxies for impacts, such as the presence of effective managed protected areas, maintenance of habitat integrity, etc.</p>	<p>ensure that projects included in the work programs meet minimum monitoring and evaluation standards.</p>		<p>standards in the GEF M&E Policy of February 2006. All new projects are to meet these standards, and when feasible are retrofitting previously approved project. Emphasis is being placed on baselines and results-based indicators. Costed M&E plans are developed for all projects and their implementation is monitored by project managers. Agencies have also taken measures to ensure that all Terminal Evaluations include an evaluation of the project M&E system. Task Forces completion of work related to focal area indicators will facilitate choice of indicators for M&E plan design and implementation. The Secretariat, in collaboration with the Agencies, has initiated an elaboration of the M&E part of the project review criteria to ensure that program managers have more guidance to interpret adherence of project proposals to the revised M&E policy. UNEP has designed costed M&E plan formats to be used by project proponents and task managers as well as several check lists to facilitate review of</p>		<p>that the Secretariat is committed to incorporate the recommendations of the 2005 APR regarding the need to improve the quality control systems of project M&E. The Office also considers that it is critical that the Secretariat provide task forces with sufficient and sustained financial support to develop tracking tools and focal area specific result indicators, which continues to be a critical need to assist projects to develop appropriate M&E systems in most focal areas.</p>

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				<p>adherence to new M&E policy during the internal project review process. As part of its GEF Portfolio Improvement Plan, the Bank introduced last year regular staff training on Results Frameworks to improve the quality of project M&E. UNDP has adjusted its standard logical framework matrix to include baseline and target values for all impact indicators and also strengthened its internal technical review processes for these. UNDP includes annual reporting against baseline and target values in its annual PIR/APR reports for each project.</p>		

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Management Action Record
Review of the GEF Operational Program 12:
Integrated Ecosystem Management (GEF/ME/C.25/5, May 2005)
Management Response (GEF/ME/C.25/6)

Recommendation	Management Response	Council Decision	Rating in Progress of Adoption*			
			Mgmt	Comments	GEF EO	Comments
N/A	N/A	June 2005 - Decision on Agenda items 5(e) - The Council, having reviewed the document, GEF/ME/C.25/5, requests the OPS3 team to take the evaluation into consideration when preparing their final report.	N/A	N/A	High	The OP12 program study was taken into consideration in OPS3.
<u>Quality at Entry.</u> The study noted that projects did not score well on technical factors that are important to potential success, such as sound initial diagnoses of problems and assessment of potential solutions, accurate establishment of baselines, appropriate scientific and technical approaches to solution of problems, monitoring of change or impact, and mechanisms to learn from experiences and adapt accordingly.	Management has taken important steps to ensure that projects will provide a more robust presentation of the technical factors in proposals at work program inclusion. This includes the presentation of a sound problem analysis, a root-causes-impact chain, the identification of barriers for integrated ecosystem management and the related identification of project interventions. Discussions of options to the technical approaches that are proposed will also be encouraged. The GEFSEC will extract best practices and lessons learned in project design and level of detail of technical approaches for future reference and replication. The GEFSEC will draw on good practice examples to explore further the feasibility of developing indicators that demonstrate synergistic benefits. Closer	June 2005 - Decision on Agenda items 5(e) - The Council requests the GEF Evaluation Office to report on follow-up actions taken to implement the management response in June 2006, taking into account the decision of the Council on the management response.	Substantial	<i>Institutional Arrangements</i> A GEF working group on "Integration" was set up with members from all GEF FA teams. <i>Guidance for Review</i> A draft guidance note for the review of MFA (OP12 and non-OP12) projects has been prepared and will be circulated as soon as expected impact of RAF on the GEF portfolios has been fully analyzed. <i>Quality of Proposals</i> The quality of project proposals submitted under OP12 has improved. All proposals have to present additional information that is based in the recommendations from the OP 12 study. The 2005 PIR for the OP12 portfolio focused on the findings of the OP12 study	Substantial (indicative)	This focal area is systematically addressing all the issues raised by the OP12 program study. Task Force meetings with the presence of all the Implementing and Executing Agencies regularly discuss progress made in the various recommendations of the study. The task force is also applying all OP12 recommendations under OP15. Some of the most important actions undertaken are the modification of the review process to give more attention to technical and scientific concerns in the project approval process, the commitment to the establishment of baselines at project start-up and the agreement in

Recommendation	Management Response	Council Decision	Rating in Progress of Adoption*			
			Mgmt	Comments	GEF EO	Comments
	collaboration will be sought with focal area specialists to strengthen indicators to measure global environmental benefits.			(quality at entry study) to verify the findings from the OP 12 study with the overall performance of OP 12 projects in implementation. <i>Indicators</i> Indicators for global environmental and local livelihood benefits will be harmonized once all GEF FA have an agreed core set of indicators at project and portfolio levels. In this context, indicators monitoring synergies will be developed as well – until than projects will argue qualitatively on expected synergies in a project. The indicator framework currently developed under OP15 will also be applicable to OP12 projects since it is based on the MEA and DIPSIR frameworks – synergies can be addressed by using this framework.		the task force on an indicators framework. Development of indicators has progressed well with full participation of the LD task force. Collaboration with STAP and some LD operations is ensuring that the proper scientific expertise is incorporated in to the process. The indicator work of the LD task force has nevertheless been hampered by insufficient and uncertain resources.
<u>Integration.</u> The study found that a multi-focal approach does not necessarily imply that the projects have exploited the synergies between the focal areas or developed an integrated approach. The study points to a lack of strategic guidance in the operational program and unclear guidelines for preparing integrated ecosystem management projects.	The GEFSEC will pay increased attention to the issue of synergies in the context of the internal discussion process on thematic and institutional integration. While there were inconsistencies in the early days of OP12, the GEF has proactively addressed the lack of strategic priorities in OP12 by setting up an institutional mechanism to ensure transparency, cross-focal area peer reviews and performance standards. Today, reviews for	June 2005 - Decision (See above)	Substantial	See above <i>Review of Projects</i> All OP12 projects are now reviewed by GEF thematic specialists in those FAs in which the GEB are claimed. The lead for project review is with the LWR team, a team that leads the GEF effort on integration and synergies. All OP12 projects presented to Council in June have been reviewed	Substantial (indicative)	Incorporation of other focal area specialist in the review process is key to ensure that OP12 projects meet the standards applied to other relevant focal area projects.

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	projects entering the OP12 portfolio are peer-reviewed by at least two thematic professionals in the GEFSEC and some of the agencies before the project enters the next stage in the GEF project cycle.			by specialists in the BD, IW and LD FAs since benefits and synergies are presented in these FAs.		
<u>Assessments.</u> "Win-wins" versus "trade-offs" must be considered during project preparation in terms of working to achieve: (i) development and/or poverty alleviation while maintaining or increasing global environmental goods and services, and (ii) synergies between or among focal areas	The GEFSEC will pursue this recommendation with the GEF interagency task forces.	June 2005 - Decision (See above)	Substantial	<i>Scientific-technical background on trade-offs</i> GEF Sec has tasks STAP to conduct a study on trade-offs between GEB and livelihood-based benefits. Although this study has been requested as part of the scientific-technical strengthening of the LD FA/OP15, the results will be applicable to all FAs dealing with NR and different land use types. Since OP12 is a MFA program, the results will enhance the scientific-technical argument on expected trade-offs or win-win situations in OP12 projects as well. Based on the results of the STAP study and the application to the indicator framework developed for the LD FA/OP15, a core set of indicators will be developed that will allow making an informed decision on trade-offs. Win-win situations are part of this thinking since it means that no negative trade-offs are expected.	Substantial (indicative)	The STAP study is an important step in further understanding the trade-offs involved in GEF projects. It will be up to the focal area task force to translate the results of the study into guidelines to properly address the trade-offs and synergy concerns addressed by the program study.
<u>Synergies.</u> During project preparation more attention to multifocality among global	Technical backstopping missions by the IAs and EAs will pay special attention to mitigating the risk of	June 2005 - Decision (See above)	Substantial	See above. <i>M&E for MFA projects</i> During the PIR for OP12,	Medium (indicative)	The Office agrees that the task force has discussed and identify critical issues

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environmental goods is required. In some projects, synergies may be questionable to the point that the risk of “double jeopardy” arises in having to establish baselines and achieve and measure separate but synergistic impacts. That is, it may be that holding projects responsible for multifocal outcomes could be beyond project capabilities and budgets.	“double jeopardy.” Clear incentives therefore have to be developed to encourage proponents to contemplate a synergistic (or integrated) project. The GEF interagency task force will consider these issues.			<p>this issue was discussed in detail. It was agreed that all project need to use the project preparation phase for the collection of baseline data or at least start with the identification of types of baseline data that will be collected during the first year of project implementation.</p> <p>It was also discussed that capacity development components in projects have to reflect these issues so country-capacity can be build that will allow decision-makers implement activities that are truly synergetic (activities targeting the enhancement of benefits in one FA leads to the enhancement of benefits in another FA). The discussion needs to be continued on the definition of “synergy” in the GEF context and the resulting implications.</p> <p>The M&E budget needs to be adjusted for project that will monitor and evaluate GEB in more than one FA and that these additional costs are incremental.</p>		to ensure that expected synergies in projects materialize. The office also agrees that these conclusions need to be presented in the form of a strategy or operational guidelines.

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Management Action Record
Role of Local Benefits in Global Environmental Programs
Part One: Nature and Conclusions of the Study (GEF/ME/C.27/4, October 2006)
Management Response (GEF/ME/C.27/5)

Recommendation	Management Response	Council Decision	Rating in Progress of Adoption*			
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N/A	N/A	Nov 2005 - Decision on Agenda item 7(d) – The Council takes note of document GEF/ME/C.27/4, <i>The Role of Local Benefits in Global Environmental Programs, Part One: Nature and Conclusions of the Study</i> and agrees: 4. The GEF Evaluation Office should take the study into account in its ongoing evaluation of the calculation of incremental cost.	N/A	N/A	High	The GEF EO is taking full account of the findings of the Local Benefits Study as part of the Incremental Costs Evaluation. It is examining global-local issues in incremental costs assessment as part of the evaluation methodology.
1. Where local benefits are an essential means to achieve and sustain global benefits, the GEF portfolio should integrate them more strongly into its programming.	We agree with this recommendation. As noted above, the GEF has substantially strengthened its ability to address global-local linkages in our programming through its GEF-3 and 4 Programming Documents, and strategic priority setting.	Nov 2005 - Decision on Agenda item 7(d) 1. Where local benefits are an essential means to achieve and sustain global benefits, these should be more systematically addressed in all stages of the project cycle in GEF activities.	Substantial	The GEF-4 Programming Document highlights the global-local linkages as an important strategic emphasis for the future.	Medium (indicative)	The GEF-4 Programming Document 'highlights' global-local linkages as an important strategic emphasis for the future. However, this document is not yet been approved by GEF Council. Furthermore, the results arising from the implementation of the programming document cannot be predicted.
2. Integration of local benefits should be more systematically carried forward into all stages of the project cycle	We agree with this recommendation, particularly in those instances where local benefits are essential means to achieve and sustain global benefits. For the past years, we have made initial efforts in incorporating approaches and	Nov 2005 - Decision 1. Where local benefits are an essential means to achieve and sustain global benefits, these should be more systematically addressed in all stages	Substantial	The GEF-4 Programming Document highlights the global-local linkages as an important strategic emphasis for the future.	Medium (indicative)	The GEF-4 Programming Document 'highlights' global-local linkages as an important strategic emphasis for the future. However, this document has not yet been approved by GEF Council. Furthermore, the results

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	tools within the project cycle to strengthen the global-local benefit linkages. For example, stakeholder identification and development of public participation strategies are required in appropriate stages of the project cycle. Social assessment and social experts are utilized during project preparation, implementation, and monitoring and evaluation period. We will review and strengthen these approaches through the ongoing review of the GEF project cycle and appraisal criteria, while making sure that these remain simple and do not make the project review process more complex.	of the project cycle in GEF activities.				arising from the implementation of the programming document cannot be predicted. At present the project cycle guidelines do not contain any specific and binding actions to strengthen inter-disciplinary skills in preparation, supervision or evaluation of projects. The GEF EO may assess the integration of social issues in the GEF portfolio in a forthcoming Annual Performance Report in order to verify progress towards recommendation 2.
3. GEF activities should include processes for dealing with trade-offs between global and local benefits in situations where win-win results do not materialize.	We agree with the study that the assumption that projects involving the GEF would always result in "win-win" gains in both development and global environmental management, is not realistic. Some of the projects require an assessment of the potential for "win-win" gains or "trade-off" outcomes between global environmental and local livelihood benefits. The issue is discussed as part of the project design and sustainability analysis for each project at appropriate stages of the project cycle.	Nov 2005 - Decision on Agenda item 7(d) 2. GEF activities should include processes for dealing with trade-offs between global and local benefits in situations where win-win results do not materialize.	Substantial	Projects are increasingly identifying trade-offs as part of project design, and realistic expectations are identified up-front.	Negligible (indicative)	The GEFSEC has yet to develop formal processes for dealing with trade-offs in projects across all focal areas, when appropriate and necessary. An informal process based on individual actions of program managers is likely to result in arbitrary decision-making for individual projects and no overall coherence in approach to dealing with trade-offs.
4. In order to strengthen generation of linkages between local and global benefits, the GEF should ensure adequate involvement of expertise on social and institutional issues at all levels of the portfolio.	As the findings of the study indicate, the involvement of expertise on social and institutional issues may have been incoherent during the early days of GEF programming. Today, it is a regular practice at every stage of the project cycle to involve appropriate expertise and tools related to	Nov 2005 - Decision on Agenda item 7(d) 3. In order to strengthen generation of linkages between local and global benefits, the GEF should ensure adequate involvement of expertise on social and	Substantial	This is an ongoing practice at all levels, including within IAs and EAs.	Medium (indicative)	The overall mix of staffing used in supervision and evaluation of GEF projects cannot be verified at present. GEF EO also notes that GEFSEC still is without any dedicated social science expertise on their program

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	social and institutional issues by all Implementing Agencies. Stakeholder consultation, participatory rural assessments, and social assessments are widely used in GEF projects by structuring multi-disciplinary project teams that include social scientists. In fact, the study's own data show that 80 percent of the most recently approved projects have involved social assessment, while it was only 39 percent in the study's overall sample. The ongoing review of the GEF project cycle and appraisal criteria will assess the relevance of having these tools and approaches as operational requirements for future projects.	institutional issues at all levels of the portfolio.				staff (since Nov 2002). Hence, we conclude that the GEFSEC itself does not have a sufficient multi-disciplinary staff base to address social issues and systematically enrich project review.

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