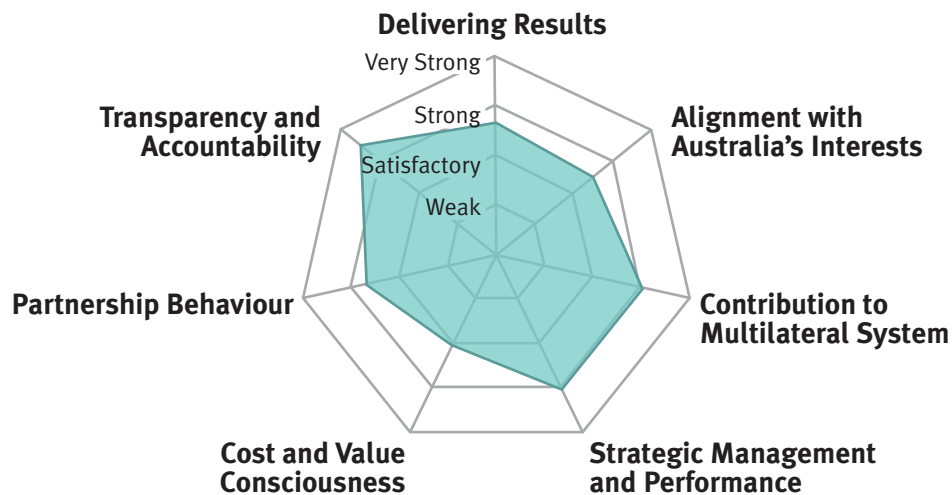




Australian Multilateral Assessment March 2012

Global Environment Facility (GEF)

OVERVIEW OF ORGANISATION RATINGS



ORGANISATION OVERVIEW

The Global Environment Facility (GEF) operates as the financial mechanism for the major international environment conventions: United Nations (UN) Framework Convention on Climate Change; Convention on Biological Diversity, Convention to Combat Desertification; and Stockholm Convention on Persistent Organic Pollutants. It also supports other multilateral initiatives including the Montreal Protocol on Substances that Deplete the Ozone Layer. GEF funds practical programs and shapes policy reform in developing countries and economies-in-transition for climate change, biodiversity, ozone depletion, persistent organic pollutants, degradation of land, international water systems and promoting sustainable livelihoods.

Since GEF's establishment in 1991, it has allocated approximately US\$10 billion to more than 2800 projects aimed at improving the global environment. Resources are replenished every four years by member states. Australia has allocated \$335 million to the GEF since 1991, including \$105 million to the fifth replenishment (2010–14).

In 2010–11, AusAID provided \$22.5 million to GEF, all of which was provided as voluntary core contributions.

Australia shares a seat on the governing GEF Council with the Republic of Korea and New Zealand.

RESULTS AND RELEVANCE

1. Delivering results on poverty and sustainable development in line with mandate

STRONG

GEF supports sustainable development by delivering tangible results in improving the global environment in line with the conventions it serves. For example, GEF has supported climate change adaptation and mitigation activities in more than 154 countries. Over time, GEF investments are expected to directly reduce 1.7 billion tons of greenhouse gas emissions. With biodiversity, GEF has supported the creation or management of more than 2302 protected areas covering more than 634 million hectares as well as protecting and planning for more than 265 million hectares of productive lands.

GEF, in line with its mandate, focuses its reporting on the environmental impact of its activities. Although this reporting is clear and accessible, it is difficult to make an accurate overall assessment on the extent to which GEF activities are reducing poverty. In 2011, 88 per cent of GEF projects were reported to be performing at a moderate to solid level or above.

GEF is implementing a revised results-based management framework, which should enable it to report more comprehensively on results and impact. The proposed framework appears to be robust.

Within its System for Transparent Allocation of Resources, GEF use a gross domestic product per capita indicator to relatively increase the amount of funding allocated to poorer countries. However, GEF does not specifically target poor communities within countries.

a) Demonstrates development or humanitarian results consistent with mandate

STRONG

GEF supports sustainable development by delivering tangible results in improving the global environment in line with the conventions it serves. GEF has supported climate change adaptation and mitigation activities in more than 154 countries.

GEF can demonstrate a range of outcomes from its activities:

- > Greenhouse gas emissions: reducing greenhouse gas emissions by an expected 1.7 billion tons over time.
- > Biological Diversity: creating or managing over 2302 protected areas covering more than 634 million hectares and protection and planning for more than 265 million hectares of productive lands.

- > Land Degradation: Improving management of over 100 hectares of productive land in five countries in Central Asia, five countries in Middle East and North Africa, and 28 countries in Sub-Saharan Africa.
- > Persistent Organic Pollutants: GEF projects are expected to phase out over 3000 tons of DDT, 15 000 tons of obsolete pesticides and 35 000 tons of PCB-related waste and equipment.

The performance of GEF projects is evaluated by the GEF Evaluation Office and measured on their relevance, effectiveness and efficiency. As at November 2011, 88 per cent of GEF projects were performing at a moderately satisfactory level (that is, the project has only moderate shortcomings) or higher.

b) Plays critical role in improving aid effectiveness through results monitoring

STRONG

A results-based management framework was introduced in 2007 and provides a strong foundation for measuring results of the GEF. It includes monitoring and evaluation at three levels: institutional, programmatic (or focal area) and project-level. This framework is being enhanced in the current replenishment round (GEF-5) and now includes corporate objectives, targets and outcomes against which focal area goals must align.

The revised results framework, while still being fine-tuned, appears to be robust. The Secretariat has developed a work program for GEF-5 reforms and regularly reports to the Council on progress. More time is needed to see the effects of these modifications.

GEF has an independent monitoring and evaluations office, which provides independently verified evidence on progress across GEF's entire portfolio. It undertakes country portfolio evaluations, thematic evaluations, overall performance studies and delivers an annual impact report, which determines long-term effects of GEF support and how these could be strengthened.

GEF integrates lessons learned into its organisational structure and policies. At the end of each replenishment an overall performance study is completed which reviews GEF as an organisation and provides recommendations. These recommendations are often implemented in the following replenishment.

For example, GEF adopted the lessons learned from the Resource Allocation Framework in GEF-4 and redesigned its allocation system, the System for Transparent Allocation of Resources. The result is more flexible and directs funds in line with countries' capacity, policies and practices relevant to the successful implementation of GEF projects.

c) Where relevant, targets the poorest people and in areas where progress against the MDGs is lagging

SATISFACTORY

GEF funding is allocated through its new 'System for Transparent Allocation of Resources' (STAR) methodology based on country performance, country potential to achieve global environmental benefits and a social and economic index based on the Gross Domestic Product (GDP-based index, or GDPI). The GDPI is designed to increase allocations to poorer countries with low GDP per capita. The STAR also uses allocation floors to address

the vulnerability of small island developing states and small countries, which are highly sensitive to natural disasters, but may have comparatively high per capita GDP due to their small populations.

GEF, however, does not specifically target poor communities within these countries.

2. Alignment with Australia's aid priorities and national interests

STRONG

GEF's activities align with the Australian Government's climate change and environmental objectives. Australia is a member of the key multilateral environmental agreements for which GEF serves as the financial mechanism.

GEF's work strongly aligns with the Australian aid program's strategic goal of sustainable economic development, by reducing the negative impacts of climate change and other environmental factors.

GEF has only recently adopted a gender mainstreaming policy (May 2011) setting out comprehensive requirements for GEF partners. GEF has also adopted a new environment and social safeguards policy addressing a number of crosscutting issues such as Indigenous and cultural rights.

The crosscutting issue of climate change is addressed as the core of GEF's mandate.

GEF has no policies specifically addressing issues of disability.

GEF does not have a policy or special procedure for working in fragile states. However, it provides funding to fragile states focusing on Small Island Developing States (SIDS) and Least Developing Countries (LDCs). For example, GEF's Pacific Alliance for Sustainability provides US\$98.6 million to Pacific Island Countries, leveraging a further US\$108.4 million in co-financing. The proportion of total GEF Trust Fund resources provided to SIDS and LDCs has increased from 11.9 per cent (GEF-3) to 18.4 per cent (GEF-4).

a) Allocates resources and delivers results in support of, and responsive to, Australia's development objectives

STRONG

Australia is a member of the key multilateral environmental agreements for which the GEF serves as the financial mechanism.

GEF has demonstrated that it is responsive to Australian priorities. For example, in 2009, Australia, together with like-minded countries, sought improved funding arrangements for recipient countries in the Pacific which contributed to the GEF Council approving US\$86 million for Pacific Alliance for Sustainability projects. In November 2009, the Council approved the revised resource allocation framework, removing the bias to large countries and improving the effectiveness of resource allocation in GEF-5. With other Council members, Australia lobbied for: an individual allocation to each country (removing the group allocations which had seen Pacific countries competing for funds); the application of resources floors and caps to protect equity; and flexibility for countries with small allocations to use them across focal areas in support of national priorities. All of these measures have been introduced.

b) Effectively targets development concerns and promotes issues consistent with Australian priorities	STRONG
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In *An Effective Aid Program for Australia*, the Australian Government states that one of the strategic goals of the aid program is to support sustainable economic development. Under this goal, the aid program seeks to reduce the negative impacts of climate change and other environmental factors. GEF plays a role in addressing this goal.

c) Focuses on crosscutting issues, particularly gender, environment and people with disabilities	SATISFACTORY
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GEF is the world's largest environment fund and specifically targets this crosscutting issue. Funding is allocated under a number of focal areas including: climate change, biological diversity, land degradation, international waters, and chemicals. GEF has also adopted a new environment and social safeguards policy addressing a number of crosscutting issues such as Indigenous and cultural rights.

GEF adopted a gender mainstreaming policy in May 2011. This policy sets out requirements for GEF Secretariat and implementing agencies to have policies, strategies or action plans that promote gender equality and gender aspects being incorporated in program design, project design and monitoring and evaluation.

The GEF does not have any specific policies that address disability inclusive development.

d) Performs effectively in fragile states	SATISFACTORY
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GEF does not have a policy on fragile states. It has made some efforts to make access to funding easier for least developed countries, small island developing states (SIDS) and fragile states. For instance, the GEF's Pacific Alliance for Sustainability, approved during GEF-4, provides US\$98.6 million to Pacific SIDS, while leveraging US\$108.4 million in cofinancing. The proportion of total GEF Trust Fund resources provided to LDCs and SIDS also increased from only 11.9 per cent in GEF-3 to 18.4 per cent during GEF-4.

In GEF-5, the allocation system has been modified in relation to biodiversity, climate change and land degradation so that eligible countries now get individual allocations in relation to these focal areas. Furthermore, countries with a total allocation of less than US\$7 million can use this allocation in a flexible manner across focal areas, which will assist these countries.

3. Contribution to the wider multilateral development system	STRONG
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As a central financial mechanism for the major environment conventions, GEF effectively coordinates the international response to these conventions and, thereby, plays an important coordinating role in the multilateral development system.

GEF also administers the Special Climate Change Fund and the Least Developed Country Fund. It also provides secretariat services for the Adaption Fund, established under the

Kyoto Protocol, which provides some degree of efficiency and coordination across the complex multilateral architecture for climate change.

GEF provides large scale financing. Since its establishment in 1991, it has been the largest funder of environment projects and has allocated US\$10 billion to more than 2800 projects aimed at improving the global environment. This funding has been supplemented by more than US\$47 billion in co-financing.

GEF promotes knowledge through its Scientific and Technical Advisory Panel, which is effective at providing specialist scientific and technical advice on environmental challenges and practical advice about how to address these challenges. It provides this advice to a range of stakeholders including GEF recipient countries and GEF implementing agencies.

GEF has adopted a GEF-wide knowledge management initiative to enable its knowledge, information and data to be identified, captured, and made easily accessible to all of its partners and stakeholders. It is too early to assess the effectiveness of this fairly new initiative.

a) Plays a critical role at global or national-level in coordinating development or humanitarian efforts

STRONG

As the central financing body for four environment conventions, GEF helps to coordinate the international response in relation to these conventions and the environmental issues which they address. Therefore, GEF fills a critical niche in the international multilateral system.

GEF administers the Special Climate Change Fund, the Least Developed Country Fund, and provides secretariat services for the Kyoto Protocol Adaption Fund, providing some degree of efficiency and coordination across the complex multilateral architecture for climate change.

b) Plays a leading role in developing norms and standards or in providing large-scale finance or specialist expertise

STRONG

GEF provides both large-scale financing and specialist expertise. Since its establishment in 1991, it has been the largest funder of environment projects and has allocated US\$10 billion to more than 2800 projects aimed at improving the global environment. This funding has been supplemented by more than US\$47 billion in co-financing. GEF has also given US\$634 million in small grants to non-government organisations (NGOs) and community organisations through its small grants program.

c) Fills a policy or knowledge gap or develops innovative approaches

STRONG

GEF fills a policy and knowledge gap through the operations of Scientific and Technical Advisory Panel (STAP). The panel provides specialist scientific and technical advice on environmental challenges and practical advice on how to address them. It provides this advice to a range of stakeholders including GEF recipient countries and GEF implementing agencies.

Another example of GEF filling a knowledge gap is through its work in the transfer of environmentally sound technologies to developing countries. GEF's current portfolio on technology transfer covers almost 100 developing countries. Along the way, GEF has generated a wealth of knowledge on technology transfer and has disseminated this information through the publication of a series of communication products.

ORGANISATIONAL BEHAVIOUR

4. Strategic management and performance

STRONG

GEF has a clear mandate and strategy to address global environmental issues and help developing countries meet their obligations under global environment conventions. The GEF-5 Focal Area Strategies document outlines GEF's focal areas of biodiversity, climate change, international waters, land degradation and chemicals, while its GEF-5 Programming Document outlines its operations and activities for the five-year-period covered by the fifth replenishment.

In response to recipient requests and GEF evaluations, GEF is undertaking reforms as part of its fifth replenishment to streamline project cycles and improve its overall efficiency.

GEF governing bodies (its Assembly and Council) are effective in guiding management. The level of adoption of Council decisions is monitored by the independent GEF Evaluation Office.

The evaluation office implements a range of high-quality monitoring and evaluation processes which include performance evaluations, country portfolio evaluations, impact evaluations, thematic evaluations and overall performance studies. An independent peer review of the office in 2009 concluded that its independence 'is assured' and that 'the credibility of its reports is high'.

GEF evaluation generally informs decision making. For example, for each replenishment period, its evaluation office completes an Overall Performance Study to review its effectiveness and provide recommendations. GEF has been highly responsive to the recommendations and incorporates them into its replenishments.

The current leadership is strong and has overseen reforms to help improve effectiveness.

GEF has satisfactory human resource policies and monitors the gender balance and proportion of staff from developing countries. Recruitment of staff is in accordance with World Bank procedures.

a) Has clear mandate, strategy and plans effectively implemented	STRONG
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GEF has a mandate to facilitate international cooperation and finance in order to address global environmental issues and assist developing countries to meet their obligations under global environment conventions.

GEF's approach is underpinned by two basic principles:

- > funds are to be incremental to the funds required for national sustainable development, and
- > resources must be targeted towards generating global environmental benefits.

GEF has a clear operational strategy for each focal area and crosscutting area of work. GEF's operations and activities for the five-year period covered by the fifth replenishment are outlined in the GEF-5 Programming Document.

GEF has been continually improving and streamlining its project cycle including the adoption of programmatic approaches as part of the reforms agreed for the GEF-5.

GEF has reduced the average approval period for a project to seventeen months. This is a significant improvement from 44 months, as it has been previously.

b) Governing body is effective in guiding management	STRONG
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GEF's governance structure consists of a high-level Assembly, the main governing Council and a Secretariat. The GEF Assembly, composed of representatives of all member countries, meets every three to four years and is responsible for reviewing and evaluating GEF's general policies, operations and membership.

The GEF Council is composed of 32 constituencies—14 from developing countries, 16 from developed countries and two from countries with transitional economies. It meets twice a year and is primarily responsible for adopting, developing and evaluating GEF programs, with decisions made by consensus.

The GEF Secretariat is responsible for ensuring Assembly and Council decisions are effectively implemented, and that operational strategies are followed. It also coordinates the formulation of projects and oversees their implementation.

The effectiveness of the Secretariat in implementing Council decisions is monitored by the GEF Evaluation Office. To date, the Evaluation Office has tracked 99 decisions with 88 having been adopted or no longer relevant due to strategic changes and other policy decisions taking precedence.

c) Has a sound framework for monitoring and evaluation, and acts promptly to realign or amend programs not delivering results	STRONG
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GEF has a sound framework for monitoring and evaluation.

The main responsibility for monitoring, evaluation and reporting lies with implementing agencies. However, GEF has an independent system for verifying results. The Evaluation Office reviews terminal evaluation reports to verify and assess quality. Where an implementing agency already uses an independent evaluation office to validate terminal evaluations, the Evaluation Office assesses the independent report to ensure that it meets GEF standards. The evaluation office implements a range of high quality monitoring and evaluation processes which include performance evaluations, country portfolio evaluations, impact evaluations, thematic evaluations and overall performance studies.

There is evidence of GEF acting when projects are ineffective. In 2011, five projects (with the combined worth of US\$12 million) were cancelled or dropped due to poor performance.

In order to effectively monitor projects, GEF intends to integrate its results-based management framework into its information technology infrastructure. The Secretariat will work to strengthen this area over the next several years.

An independent professional peer review of the evaluation function of the GEF was conducted by consultants. The review found that the Evaluation Office has made commendable efforts to improve and facilitate professional evaluation work in the GEF and to provide leadership, within the GEF partnership and internationally, especially in the United Nations Evaluation Group. It concluded that the Evaluation Office's independence 'is assured' and that 'the credibility of its reports is high'.

GEF evaluations generally inform decision making. For example, for each replenishment period, its Evaluation Office completes an Overall Performance Study to review its effectiveness and provide recommendations. GEF has been highly responsive to the recommendations and incorporates them into its replenishments.

d) Leadership is effective and human resources are well managed	STRONG
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The current leadership is strong and has overseen reforms to help improve effectiveness. The GEF Chief Executive Officer provides strong leadership within the organisation, including overseeing a number of reforms to make GEF more effective, responsive and results-focused.

GEF has satisfactory human resource policies. Recruitment of staff is in accordance with World Bank procedures. Management efficiency and effectiveness is monitored by the Evaluation Office as part of its Annual Monitoring Report processes. The 2011 Annual Monitoring Report indicates a continuing improvement in gender equality and geographic distribution of staff, with the percentage of female staff increasing from 35 per cent in 2010 to 38 per cent in 2011, and the proportion of staff from developing to developed countries being 48 per cent to 52 per cent.

5. Cost and value consciousness**SATISFACTORY**

GEF continues to improve the cost effectiveness of its activities. GEF estimates that its climate change mitigation portfolio has avoided or prevented carbon emissions for a cost of less than US\$2 per ton.

GEF's internal administrative costs are quite low in proportion to its external expenditure, noting that it does not implement projects directly.

Within partner agencies, GEF provides a standard project cycle management fee to manage project implementation. In November 2011 the Secretariat established a working group to review the full fee structure for agencies and decrease the total cost.

Within individual projects, management costs have been reduced from an average of 15 per cent under GEF-3 to five per cent in GEF-5. GEF only scrutinises project management budgets when they exceed the five per cent threshold.

The roles and responsibilities of implementing agencies outlined in the GEF Instrument include ensuring the cost effectiveness of GEF-financed activities. However, the GEF project identification form does not require cost effectiveness to be demonstrated.

a) Governing body and management regularly scrutinise costs and assess value for money**SATISFACTORY**

GEF estimates that its climate change mitigation portfolio has avoided or prevented carbon emissions for a cost of less than US\$2 per ton.

GEF's internal administrative costs are quite low in proportion to its external expenditure, noting that it does not implement projects directly.

Within partner agencies, GEF provides a standard project cycle management fee to manage project implementation. This has been reduced from 10 per cent to eight per cent for programmatic approaches.

In November 2011 the Secretariat established a working group to review the full fee structure for agencies aimed at decreasing the total cost of the fee structure.

b) Rates of return and cost effectiveness are important factors in decision making**SATISFACTORY**

The cost effectiveness of project proposals is reviewed by the GEF at the endorsement stage. However, GEF only scrutinises project management costs for individual projects when thresholds for project management budgets are exceeded.

From GEF-3 to GEF-5 project management costs have been reduced from an average of 15 per cent to five per cent.

c) Challenges and supports partners to think about value for money	SATISFACTORY
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The roles and responsibilities of implementing agencies outlined in the GEF Instrument include ensuring the cost effectiveness of GEF-financed activities.

Part two of the Project Identification Form addressing project justification requires applicants to describe the incremental/additional cost they would like GEF to fund, but it does not ask them to explain how this investment will be cost effective.

When considering the cost effectiveness of projects at the CEO endorsement stage of approval processes, if the GEF is not satisfied with the project budget it will ask the agency to provide further details, and if required, amend the project proposal.

6. Partnership behaviour	STRONG
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Generally, GEF's partnerships are viewed as effective by relevant stakeholders. GEF works closely with its partner agencies—European Bank for Reconstruction and Development, Food and Agriculture Organization, International Fund for Agricultural Development, Inter-American Development Bank, joint agencies, United Nations Development Programme, United Nations Environment Programme, United Nations Industrial Development Organization and the World Bank—which play a key role in managing GEF projects on the ground. GEF also works directly with Convention secretariats, which, along with its partner agencies attend GEF council meetings.

GEF values align with partner country priorities. GEF has supported 40 countries to complete National Portfolio Formulation Exercises. This tool assists partner governments to coordinate overall environment sector activities based on country priorities. There is some variability in the level of ownership between different countries. GEF is working to improve country ownership including through a pilot to increase the number of GEF implementing agencies, with a particular focus on national agencies.

GEF supports a network of more than 600 accredited environment and sustainable development non-government organisations and the network is represented at council meetings.

The GEF Instrument requires implementing agencies to cooperate with relevant stakeholders. The Project Identification Form requires applicants to identify all key stakeholders involved in a project and outline their respective roles as applicable.

a) Works effectively in partnership with others	STRONG
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Generally, GEF's partnerships are viewed as effective by relevant stakeholders. GEF works closely with its partner agencies—including European Bank for Reconstruction and Development, Food and Agriculture Organization, International Fund for Agricultural Development, Inter-American Development Bank, joint agencies, United Nations Development Programme, United Nations Environment Programme, United Nations Industrial Development Organization and the World Bank—which play a key role in managing GEF projects on the ground. GEF also works directly with Convention secretariats, which, along with its partner agencies, attend GEF council meetings.

GEF is improving its relationship with recipient countries. The Country Support Program provides a package of support to GEF focal points to engage in outreach, training to strengthen country coordination, information sharing, and promoting country ownership of GEF financed projects.

GEF has a functioning conflict resolution framework. In 2011, 85 per cent of conflict cases reported to the CEO were resolved successfully and 80 per cent of complaints were also successfully resolved.

GEF is also piloting direct access and some national implementing agencies will be able to access funding directly. GEF already has a mechanism where some countries can access funds directly for two activities—the National Portfolio Formulation Exercise and the development of communication and reports which member countries must provide under Conventions.

b) Places value on alignment with partner countries' priorities and systems	SATISFACTORY
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GEF places high importance on aligning its activities with partner countries' priorities and systems, and it has a policy in place to enhance country ownership. Proposals for GEF funding need to be supported by a letter from the country focal point stating that the project is in line with national objectives and priorities. However, there is still some variability in country ownership between different countries in relation to GEF projects.

The Country Support Program, referred to above, includes national multistakeholder dialogues, national meetings and workshops and voluntary national portfolio formulation exercises.

Through the national portfolio formulation exercise, the GEF provides countries with up to US\$30 000 to establish or strengthen national processes and mechanisms to facilitate GEF programming. This has been utilised by 40 countries in 2011. There is some variability in the level of ownership between different countries. The GEF is also seeking to enhance country ownership through its 'Broadening the GEF Partnership' pilot which seeks to accredit up to five new national institutions as GEF implementation agencies.

c) Provides voice for partners and other stakeholders in decision making	STRONG
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GEF has a very active non-government organisation (NGO) network of more than 600 accredited environment and sustainable development NGOs which it regularly engages. The NGO network meets the day before Council meetings and an NGO representative is given time to address the Council at Council meetings. Some Council members attend the NGO meeting.

The Instrument for the Establishment of the Restructured Global Environment Facility states that GEF-financed projects shall provide for 'consultation with, and participation as appropriate of, major groups and local communities throughout the project cycle'.

The Project Identification Form requires applicants to identify all key stakeholders involved in the project and their respective roles, if applicable. However, it does not require for stakeholder consultation to be undertaken by the implementing agencies.

7. Transparency and accountability

VERY STRONG

GEF has high levels of transparency and publishes all documentation on its website. Its project database is publicly available and easily accessible on the internet. However, GEF is not a member of the International Aid Transparency Initiative.

Resource allocation is transparent through GEF's System for Transparent Allocation of Resources, which is consistently applied and allows countries to know in advance how much money is available to them.

GEF's trustee is the World Bank and strong internal controls, fiduciary management and audit compliance are applied to all of its funding.

GEF is encouraging transparency and accountability in partners by applying minimum fiduciary standards to all GEF implementing agencies, which include a strong transparency component.

a) Routinely publishes comprehensive operational information, subject to justifiable confidentiality

STRONG

GEF publishes all policies, decisions, evaluations and operational documents as a matter of course. The Instrument for the Establishment of the Restructured Global Environment Facility states that GEF operational policies, 'with respect to GEF-financed projects shall provide for full disclosure of all non-confidential information'.

GEF also has a project database accessible via the internet which allows public access to all relevant documents and information on GEF programs and projects.

b) Is transparent in resource allocation, budget management and operational planning

VERY STRONG

GEF is transparent in resource allocation through the application of the STAR. Through the STAR, GEF allocates specific amounts of money for each country in relation to the climate change, land degradation and biodiversity focal areas. This provides countries with a degree of certainty in regards to the money available to them. Rather than allocating funding to all eligible countries, which could lead to some countries having allocations and never accessing these funds, GEF only makes allocations to countries which meet several conditions, including that the country must have had at least one national project in the last five years. This ensures that the country has the capacity to implement GEF projects. The allocation is then decided based on global environmental priorities, the capacity of the country and policies and practices relevant to successful implementation of GEF projects.

c) Adheres to high standards of financial management, audit, risk management and fraud prevention	VERY STRONG
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In accordance with the Instrument for the Establishment of the Restructured Global Environment Facility, the World Bank is the trustee for the GEF and is responsible to the GEF Council for the performance of its fiduciary responsibilities.

These are clearly outlined in Annex B of the GEF Instrument and address:

- > accounting and reporting
- > investment management and cash flow management
- > financial and risk management
- > management of transactions with partners
- > commitment and disbursement of funds
- > infrastructure and systems, and
- > legal services.

GEF's resources have been managed responsibly and effectively by the World Bank as Trustee.

d) Promotes transparency and accountability in partners and recipients	STRONG
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GEF is encouraging transparency and accountability in partners by applying minimum fiduciary standards to its implementing agencies. These standards were approved by GEF Council in June 2007. As at June 2010, only four agencies had met all the fiduciary standards, with the remaining six having monitoring action plans in place to support their adoption.

The fiduciary standards, amongst other things, include requirements for:

- > a financial disclosure policy that addresses possible or apparent conflict of interest
- > a code of ethics defining the standards to be upheld by agency staff, including the protection of agency and GEF assets
- > internal auditing in line with internationally recognised standards, and
- > a hotline or whistleblower mechanism for reporting of suspected unethical, corrupt, or fraudulent activities.

The fiduciary requirements will apply to the new agencies accredited under the GEF's new 'Broadening the GEF Partnership' pilot.