



# Global Environment Facility

GEF/C.30/3  
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GEF Council  
December 5-8, 2006

Agenda Item 10

## RULES, PROCEDURES AND OBJECTIVE CRITERIA FOR PROJECT SELECTION, PIPELINE MANAGEMENT, APPROVAL OF SUB- PROJECTS, AND CANCELLATION POLICY

## **Recommended Council Decision**

The Council, having reviewed GEF/C.30/3, *Rules, Procedures and Objective Criteria for Project Selection, Pipeline Management, Approval of Sub-projects, and Cancellation Policy*, agrees to the following decisions:

### *Pipeline management*

While developing options(s) for the revised project cycle, to be presented for Council review at its June 2007 meeting, the Secretariat, in collaboration with the GEF agencies, will also develop time-bound benchmarks to be established for monitoring project progress during preparation and implementation. The monitoring of achievements of these benchmarks should be built into the management information system that is under development.

Council requests the Secretariat, to present a revision of the fee system, including provisions for tranching disbursements of fees, for discussion at the June 2007 meeting.

### *Sub-project approval*

The following policies and procedures apply to the approval of sub-projects in larger GEF projects/programs:

- (a) Sub-projects greater than \$3 million: Final sub-project documents to be reviewed by Secretariat and circulated to the Council for a 3-week comment period prior to CEO endorsement.
- (b) Sub-projects greater than \$500,000 and up to \$ 3 million: Final sub-project documents to be reviewed by Secretariat and endorsed by CEO under delegated authority.
- (c) Sub-projects less than \$500,000: To be approved by the Implementing/Executing Agency, following procedures that are agreed as part of the program/project design. Approvals to be reported to the Secretariat on an annual basis.

PDFs for sub-projects. PDF requests for preparation of sub-projects be reviewed by the Secretariat and approved by the CEO out of resources approved by the Council for the larger project/program.

### *Project Cancellations, Terminations/Suspensions*

At any stage of the project cycle, the country, the Implementing/Executing Agency, or the Secretariat may recommend cancelling/terminating/suspending a project.

*Cancellation of Project Proposals during Preparation (prior to formal approval by the GEF agency)*

Prior to formal approval of a project by a GEF agency, the GEF Secretariat can cancel a project proposal in the pipeline after consultation with the country concerned and the

Implementing/Executing Agency. Countries and Implementing/Executing Agencies may also recommend cancellation of project proposals to the Secretariat. The CEO is responsible for the decision to cancel a project proposal.

If a proposal is cancelled prior to Council approval/CEO approval, it is removed from the pipeline, and the Secretariat will inform the country and the Implementing/Executing Agency concerned, and the Trustee if any PDF has been approved for the proposal. The Implementing/Executing Agency will follow Trustee's rules and procedures regarding PDFs. If a proposal is cancelled after Council approval/CEO approval, but before formal approval by the GEF agency, the agency will: (i) inform the country concerned; (ii) submit an official cancellation notification to the GEF Trustee, copied to the Secretariat; and (iii) follow Trustee's rules and procedures for cancellations.

*Termination/Suspension of Projects during Implementation (after formal approval by the GEF agency)*

The GEF Secretariat can recommend termination/suspension of a project, following a letter to the country's GEF operational focal point with the reasons for the recommended termination/suspension. The Secretariat will request the Implementing/Executing Agency to consult with the country concerned to initiate termination/suspension. Countries and Implementing/Executing Agencies may also initiate termination/suspension of projects and will consult with the GEF Secretariat before termination/suspension decisions are finalized. The Implementing/Executing Agency will ensure that appropriate consultations are carried out with all the relevant government agencies that are involved in project preparation and/or implementation, and other partners, including co-financiers. The Implementing/Executing Agency will make the final decision on termination/suspension, and will: (i) send an official termination notice to the government; (ii) submit an official notification of termination to the GEF Trustee, copied to the Secretariat; and (iii) follow Trustee's rules and procedures for terminations.

## **EXECUTIVE SUMMARY**

One of the policy recommendations from the negotiations associated with the Fourth Replenishment of the GEF Trust Fund, requests the Secretariat to develop “clear rules, procedures and objective criteria for project selection and management of the pipeline, including a policy for cancellation of projects.” At the August 28, 2006 Council meeting, the Council requested the Secretariat to prepare for its consideration at the December 2006 meeting a policy paper clarifying the procedures to be followed for the approval of sub-projects developed under larger programs and umbrella projects approved by the Council.

The GEF Evaluation Office recently concluded a thorough investigation of the project cycle that commends that the GEF project cycle be radically redrawn, while maintaining the quality and attributes for GEF funding. The Secretariat, in collaboration with the Implementing and Executing Agencies will work in the coming months to develop a fully revised project cycle that will be presented for Council consideration and approval at the June 2007 meeting. In the interim, this paper proposes: (i) steps to manage the project pipeline and criteria for project selection; (ii); policies and procedures for approval of sub-projects under larger projects/programs; and (iii) policies and procedures for cancellation and termination/suspension of projects.

### **Pipeline Management**

The revised project cycle will include time-bound procedures for pipeline management that will aim for a proposal to advance from concept identification to implementation in less than 22 months. A time-bound benchmark will also be established for projects to progress from initiation of implementation to completion. In addition, clear intermediate time-bound benchmarks will be established for progress of proposals between key milestones in both the preparation and implementation phases of the project cycle. Proposals not meeting benchmarks during the preparation phase will be cancelled. Projects under implementation not meeting the benchmarks or other performance measures will be terminated. Reporting on the benchmarks will be built into the GEF management information system so that information will be automatically provided to different levels of management, up to the CEO, if a project does not meet a benchmark. In rare cases, and on a trial basis, the CEO may grant an exception to the 22 month limit for complex, multi-country projects, based on an appeal and explanation of circumstances.

Under current policy, fees are paid to GEF agencies, when a full-sized project proposal is approved by the Council as part of a work program, or a medium-sized project is approved by the CEO, or when an enabling activity is approved by the CEO. To help manage and enforce the project cycle management system, it is proposed to disburse fees over the life of a project. Fees will be tranching and disbursed to agencies on the basis of progress in project preparation and implementation. The Secretariat will propose to the Council a comprehensive revision of the fee system, including tranching disbursements, at the June 2007 meeting.

### **Approval of Sub-projects**

It is proposed that sub-projects be defined as those projects that are uniquely identified within the Implementing/Executing Agency based on agreed criteria to achieve the objectives of

partnership/portfolio frameworks such as Investment Funds, Country Partnership Programs, Umbrella projects. Sub-projects are usually subject to all the current approval policies and procedures associated with individual GEF projects within the GEF agency. The following policies and procedures are proposed for approval of sub-projects in larger GEF projects/programs:

- (a) Sub-projects greater than \$3 million: Final sub-project documents to be reviewed by Secretariat and circulated to the Council for a 3-week comment period prior to CEO endorsement.
- (b) Sub-projects greater than \$500,000 and up to \$ 3 million: Final sub-project documents to be reviewed by Secretariat and endorsed by CEO under delegated authority.
- (c) Sub-projects less than \$500,000: To be approved by the Implementing/Executing Agency, following procedures that are agreed as part of the program/project design. Approvals to be reported to the Secretariat on an annual basis.

PDFs for sub-projects. It is also proposed that any PDF requests for preparation of sub-projects be reviewed by the Secretariat and approved by the CEO out of resources approved by the Council for the larger project/program.

### **Project Cancellations, Terminations/Suspensions**

The lead responsibility for country dialogue on GEF strategic programming is with the GEF Secretariat. Once the Secretariat and the country have agreed on the country's strategic programming framework, the country will work with an agreed Implementing/Executing Agency (matched on the basis of its comparative advantage) to develop project proposals. Decision-making on cancelling project proposals or terminating/suspending projects is a responsibility shared between the country, the Implementing/Executing Agency, and the GEF Secretariat in accordance with the following policies and procedures.

At any stage of the project cycle, the country, the Implementing/Executing Agency, or the Secretariat may recommend cancelling/terminating/suspending a project for several reasons, including changes in national priorities, poor implementation performance leading to a conclusion that the project can no longer meet its objectives, or not meeting established pipeline management elapsed time benchmarks.

#### *Cancellation of Project Proposals during Preparation (prior to formal approval by the GEF agency)*

Prior to formal approval of a project by a GEF agency, the GEF Secretariat can cancel a project proposal in the pipeline after consultation with the country concerned and the Implementing/Executing Agency. Countries and Implementing/Executing Agencies may also recommend cancellation of project proposals to the Secretariat. The CEO is responsible for the decision to cancel a project proposal.

If a proposal is cancelled prior to Council approval/CEO approval, it is removed from the pipeline, and the Secretariat will inform the country and the Implementing/Executing Agency concerned, and the Trustee if any PDF has been approved for the proposal. The Implementing/Executing Agency will follow Trustee's rules and procedures regarding PDFs. If a proposal is cancelled after Council approval/CEO approval, but before formal approval by the GEF agency, the agency will: (i) inform the country concerned; (ii) submit an official cancellation notification to the GEF Trustee, copied to the Secretariat; and (iii) follow Trustee's rules and procedures for cancellations.

*Termination/Suspension of Projects during Implementation (after formal approval by the GEF agency)*

Based on the Instrument and the roles and responsibilities of GEF entities, the decision to terminate/suspend a project during implementation is the responsibility of the Implementing/Executing Agency. Within this context, the following termination/suspension policy is proposed.

The GEF Secretariat can recommend termination/suspension of a project, following a letter to the country's GEF operational focal point with the reasons for the recommended termination/suspension. The Secretariat will request the Implementing/Executing Agency to consult with the country concerned to initiate termination/suspension. Countries and Implementing/Executing Agencies may also initiate termination/suspension of projects and will consult with the GEF Secretariat before termination/suspension decisions are finalized. The Implementing/Executing Agency will ensure that appropriate consultations are carried out with all the relevant government agencies that are involved in project preparation and/or implementation, and other partners, including co-financiers. The Implementing/Executing Agency will make the final decision on termination/suspension, and will: (i) send an official termination notice to the government; (ii) submit an official notification of termination to the GEF Trustee, copied to the Secretariat; and (iii) follow Trustee's rules and procedures for terminations.

## Table of Contents

Introduction.....	1
Pipeline Management and Criteria for Selection of Projects.....	1
Pipeline Management Measures .....	2
Objective Criteria for Selection of Projects .....	3
Clarification of Procedures for Approval of Sub-projects.....	3
Tranched Projects.....	3
Phased Projects .....	4
International Waters Investment Funds .....	4
Country Partnership Programs .....	5
Umbrella Projects.....	5
Rationalizing Program/Project Configurations.....	5
Proposed Sub-project Approval Policy.....	5
Policy for Cancellation/Termination of Projects .....	6
Cancellation of Project Proposals during Preparation (prior to formal approval by the GEF agency) .....	7
Termination/Suspension of Projects during Implementation (after formal approval by the GEF agency) .....	7
Reporting of Cancelled/Terminated Projects.....	8

## INTRODUCTION

1. One of the policy recommendations from the negotiations associated with the Fourth Replenishment of the GEF Trust Fund, requests the Secretariat to develop “clear rules, procedures and objective criteria for project selection and management of the pipeline, including a policy for cancellation of projects.” At the August 28, 2006 Council meeting, the Council requested the Secretariat to prepare for its consideration at the December 2006 meeting a policy paper clarifying the procedures to be followed for the approval of sub-projects developed under larger programs and umbrella projects approved by the Council.

2. The GEF Evaluation Office, jointly with the evaluation offices of the Implementing and Executing Agencies, recently concluded a thorough investigation of the project cycle. The evaluation report has been submitted to the December 2006 Council meeting for review. The report recommends that the GEF project cycle be radically redrawn, while maintaining the quality and attributes for GEF funding.

3. The GEF Secretariat, in collaboration with the Implementing and Executing Agencies will work in the coming months to develop a fully revised project cycle that will be presented for Council consideration and approval at the June 2007 meeting. In the interim, this paper proposes: (i) steps to manage the project pipeline and criteria for project selection; (ii) policies and procedures for approval of sub-projects under larger projects/programs; and (iii) policies and procedures for cancellation and termination/suspension of projects.

## PIPELINE MANAGEMENT AND CRITERIA FOR SELECTION OF PROJECTS

4. Under the current project cycle (GEF/C.22/Inf.9), the starting point of the project cycle is the submission by a GEF agency of a project concept for pipeline entry.<sup>1</sup> After approval of the concept by the GEF CEO, the GEF agency continues project preparation until the proposal is sufficiently prepared so as to be submitted to the Secretariat for inclusion in a proposed work program. The CEO recommends a work program of technically qualified project proposals to the Council for approval four times a year - each bi-annual Council Meeting or intersessionally by mail.

5. In the current system, there are no time-bound benchmarks between milestones in the project cycle. A project concept can be admitted into the pipeline and remain inactive for a few years. Experience has shown that over time concepts have accumulated in the pipeline. Table 1 presents data regarding concepts currently in the pipeline.

**Table 1. Concepts in the GEF Pipeline not yet submitted for Work Program Inclusion**

<b>Number of years since pipeline entry</b>	<b>Number of Projects</b>	<b>Amount of GEF financing( \$million)</b>
Less than one year	28	218.35
More than one year and less than 2 years	66	455.80
More than 2 years and less than 3 years	34	165.84
More than 3 years	50	511.89
<b>Total</b>	<b>178</b>	<b>1351.88</b>

<sup>1</sup> Recently, a Project Identification Form (PIF) was introduced that needs to be reviewed and approved by the Secretariat prior to the GEF agency embarking on concept development with a country.

6. Similarly, a project proposal that has been approved by Council can be under preparation for a few years without progressing to the next stage for CEO endorsement. Such delays tie up GEF resources which could otherwise be directed towards project proposals ready for Council approval and that may progress more rapidly to final approval and implementation.

**Table 2. Project Proposals approved by Council not yet submitted for CEO Endorsement**

<b>Number of years since approval by Council</b>	<b>Number of Projects</b>	<b>Amount of GEF financing (\$million)</b>
Less than one year	92	723.46
More than one year and less than 2 years	20	170.97
More than 2 years and less than 3 years	7	93.57
More than 3 years	4	53.42
<b>Total</b>	<b>123</b>	<b>1041.42</b>

### **Pipeline Management Measures**

7. Expedited procedures. Over the last few years, several steps have been taken to expedite the project cycle through the introduction of new modalities of financing. For example, expedited processing of medium-sized projects (MSPs), enabling activities (EAs), and smaller-sized MSPs, are among measures that have been implemented to shorten the time required for project processing. More recently, in FY05-06, the Secretariat introduced a disciplining approach to pipeline management.

8. Pipeline Management. The Secretariat introduced pipeline management in late 2004 as an interim step to improve the overall quality of the GEF pipeline. Employing data analysis as shown in Tables 1 and 2, concepts worth \$52.3 million, and Council approved project proposals worth \$40 million were removed from the pipeline and cancelled. The results are modest compared to the scale of the problem as shown in the above tables.

9. The revised project cycle, to be presented for Council approval in June 2007, will include time-bound procedures for pipeline management. The revised project cycle will aim for a proposal to advance from concept identification to implementation in less than 22 months. A time-bound benchmark will also be established for projects to progress from initiation of implementation to completion. In addition, clear intermediate time-bound benchmarks will be established for progress of proposals between key milestones in both the preparation and implementation phases of the project cycle. Proposals not meeting benchmarks during the preparation phase will be cancelled. Projects under implementation not meeting the benchmarks or other performance measures will be terminated. Reporting on the benchmarks will be built into the GEF management information system so that information will be automatically provided to different levels of management, up to the CEO, if a project does not meet a benchmark. In rare cases, and on a trial basis, the CEO may grant an exception to the 22 month limit for complex, multi-country projects, based on an appeal and explanation of circumstances.

10. Fee system. Under current policy, fees are paid to GEF agencies, when a full-sized project proposal is approved by the Council as part of a work program, or a medium-sized project is approved by the CEO, or when an enabling activity is approved by the CEO. To help manage and enforce the project cycle management system, it is proposed to disburse fees over the life of a project. Fees will be tranching and disbursed to agencies on the basis of progress in

project preparation and implementation. The Secretariat will propose to the Council a comprehensive revision of the fee system, including tranching disbursements, at the June 2007 meeting.

### **Objective Criteria for Selection of Projects**

11. Selection of projects for GEF financing is based on an assessment of a proposal against two broad measures: (i) whether it fits the GEF strategic objectives in the focal area; and (ii) how it responds to relevant eligibility criteria at each stage of the project cycle. These eligibility criteria cover: (i) country ownership; (ii) program and policy conformity; (iii) financing, including administrative costs; (iv) institutional coordination and support; (v) monitoring and evaluation; and (v) responsiveness to reviews. A proposal is required to meet ever more rigorous standards under the review criteria as it progresses from identification to pipeline entry to work program inclusion to CEO endorsement. In addition, beginning with GEF-4, projects in the biodiversity and climate change focal areas have to follow the rules and procedures of the resource allocation framework. The current [review criteria for full-sized projects](#) (weblink) and [medium-sized projects](#) (weblink) will be revised along with the revision of the GEF project cycle.

### **CLARIFICATION OF PROCEDURES FOR APPROVAL OF SUB-PROJECTS**

12. While the project cycle provides procedures for the approvals of programs or projects, there are no agreed procedures for the approval of “sub-projects,” under larger programs approved by the Council. The current approval arrangements for different types of GEF projects are summarized in Table A.1 in Annex 1. The following section summarizes current practice with respect to the approval of “sub-projects” within GEF programs and projects. The practice is summarized in Table A.2 in Annex 1.

#### *Tranched Projects*

13. In tranched project or programs, a number of self-consistent parts are prepared and implemented in sequence to achieve the overall objectives of the program. The total amount for all tranches of the project and the amounts for all individual tranches are defined in the proposed concept document. At work program inclusion, the project document contains a logframe for all the tranches and a clear set of triggers for moving to subsequent tranches. The achievement of triggers needs to be documented in either a cover note or included in the Project Executive Summary (PES)<sup>2</sup> when the PES for a subsequent tranche is submitted to the Secretariat for work program inclusion. The PES is reviewed in connection with the evaluation of triggers achieved to arrive at a decision for the work program entry. All tranches are entered into the pipeline during concept review. However, for the rest of the project cycle, tranched projects may take two tracks (based on agency’s proposed track and in agreement with the Secretariat):

- (a) Type I: The Council takes note of the entire project (including all the tranches), approves the amount for the first tranche and delegates endorsement authority to

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<sup>2</sup> The note to describe the achievement of triggers should follow a convincing process, clearly outlining the methodology employed to assess the achievement of triggers. The methodology should be verifiable by the GEF Secretariat.

the CEO for the first and subsequent tranches subject to the satisfactory achievement of triggers and in accordance with the Council decision on tranches taken in November 2000.<sup>3</sup>

- (b) Type II: The Council approves the amount for the entire project (all tranches) and understood practice is that Council delegates authority for the CEO to endorse the first and subsequent tranches subject to the satisfactory achievement of triggers, and in accordance with the standard procedures for delegated CEO endorsement.

It is important to note that in a Type I trached program/project, when a tranche is approved, the Trustee reduces the Council's allocation authority in the GEF Trust Fund only for the GEF grant associated with that tranche. When a Type II trached program/project is approved, the Trustee reduces the Council's allocation authority in the GEF Trust Fund for the entire GEF grant associated with the program/project (including all Tranches).

### *Phased Projects*

14. Phased projects contain a number of discrete phases that are sequenced to achieve the overall goal in a program.<sup>4</sup> The total project (including all phases) is entered into the pipeline at concept review. Each phase is required to be submitted for review for work program entry and approval by the Council. Submissions for review for work program entry (and Council approval) for subsequent phases need to be accompanied by independent evaluations of earlier phases. Each phase of a phased project needs to contain the broad program and goals to be achieved in the specific phase as well as in all of the phases. However, a logframe is only required for the specific phase. When a phase is approved by the Council, the Trustee reduces the Council's allocation authority only for the GEF grant associated with that phase.

### *International Waters Investment Funds*

15. An Investment Fund in the international waters focal area is a combination of a trached program and a phased program as described above, and only the World Bank and regional development banks are eligible to utilize this modality. An Investment Fund consists of a pre-determined envelope of funds (GEF + possible other donors) to be approved in a phased number of tranches. The phasing of tranches allows for monitoring of achievements (targets to be met at mid-term and the end of each investment fund phase), mid-course corrections through a stocktaking meeting of parties, a mid-term independent review by the GEF Evaluation Office, and a modest envelope of financing in each tranche because the focal area cannot afford to have

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<sup>3</sup> November 2000 Council Decision: "With regard to projects for which GEF financing is to be approved in tranches, the Council agrees that after the initial approval of the project proposal and the first trached of financing by the Council, the CEO may approve subsequent tranches of financing in accordance with the provisions of the project proposal, provided that Council Members receive the proposal for additional financing for a three-week review period prior to CEO approval. If at least four Council Members request that the proposal be reviewed at a Council meeting, the CEO shall submit the proposal, for consideration and approval, to the next Council meeting.

<sup>4</sup> There could be variations of phased projects where only the first phase is identified during pipelined entry. Subsequent phases are termed "follow-on" projects and each project requires an entry into the pipeline with the following conditions: (i) at pipeline entry, at least an interim evaluation of the earlier project be submitted along with documentation for concept review; and (ii) at work program entry, a complete independent evaluation of the earlier project be submitted along with the documentation for project review.

one large program approved at a single time. Each tranche of the Investment Fund is approved by the Council for work program inclusion based on a report by the multilateral bank that the set of triggers approved by the Council in the previous tranche have been achieved. Each tranche of the Investment Fund is used to fund a number of pre-determined types of “sub-projects.” Each sub-project under the investment fund phase is processed with normal review procedures (concept - on a rolling basis, PDF-B if necessary) and approved by the CEO. When each tranche of an Investment Fund is approved by the Council, the Trustee reduces the Council’s allocation authority in the GEF Trust only for the GEF grant associated with that tranche of the Investment Fund.

### *Country Partnership Programs*

16. Country Partnership Programs (CPPs) in the *Land Degradation* focal area promotes sustainable land management through a framework approach for up to 10 years. The framework is submitted to the Council for approval at work program inclusion. Fully prepared individual “sub-projects” under the partnership program are submitted for CEO endorsement on a rolling basis. For recently approved CPPs, Council has requested that the individual “sub-projects” be circulated to the Council for a three-week review period prior to CEO endorsement.<sup>5</sup> An annual implementation progress report is sent by the Implementing/Executing Agencies involved in the partnership framework to report on progress on achieving triggers and portfolio level impacts. When the framework is approved by the Council, the Trustee reduces the Council’s allocation authority in the GEF Trust Fund for the GEF grant associated with the total framework.

### *Umbrella Projects*

17. Umbrella projects include a number of pre-determined types of “sub-projects” all within a theme. There is no standard Council-approved policy for “sub-projects,” and project –specific approval arrangements are agreed as part of the project design.<sup>6</sup>

### **Rationalizing Program/Project Configurations**

18. In the context of the proposed revision of the project cycle, the Secretariat, in collaboration with the GEF agencies, will review the various project/program configurations and associated procedures described above, and present for Council review in June 2007 a rationalization of the configurations.

### **Proposed Sub-project Approval Policy**

19. The first step in developing an approval policy is to define “sub-projects.” It is proposed that sub-projects be defined as those projects that are uniquely identified within the Implementing/Executing Agency based on agreed criteria to achieve the objectives of

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<sup>5</sup> Sub-projects submitted for Council review at the same time as the Partnership Framework are exempt from the three-week circulation to the Council.

<sup>6</sup> For example, under the umbrella project to support preparation of the Second National Communications to the UNFCCC, implemented through UNDP, the individual sub-projects that provide grants to the participating countries are approved by UNDP. Similarly, under the biosafety projects, UNEP approves the sub-projects directed towards individual countries. Other examples are the Africa Stockpile Program, ECA Geothermal Fund, Brazil Cerrado Project.

partnership/portfolio frameworks such as Investment Funds, Country Partnership Programs, Umbrella projects. Sub-projects are usually subject to all the current approval policies and procedures associated with individual GEF projects within the GEF agency.

20. In developing a policy for sub-project approval, it is important to seek a balance between the need for Council oversight and the objective to streamline approval procedures. If the Council has approved an umbrella project, partnership, with clearly defined objectives, scope of operation, and criteria to be employed to develop sub-projects, a review of the individual sub-projects may be redundant. However, there is the need for transparency and for the Council to be fully aware of the type of sub-projects that are being proposed and approved by the GEF.

21. After consideration of the above-mentioned factors, the following policies and procedures are proposed for approval of sub-projects in larger GEF projects/programs:

- (a) Sub-projects greater than \$3 million: Final sub-project documents to be reviewed by Secretariat and circulated to the Council for a 3-week comment period prior to CEO endorsement.
- (b) Sub-projects greater than \$500,000 and up to \$ 3 million: Final sub-project documents to be reviewed by Secretariat and endorsed by CEO under delegated authority.
- (c) Sub-projects less than \$500,000: To be approved by the Implementing/Executing Agency, following procedures that are agreed as part of the program/project design. Approvals to be reported to the Secretariat on an annual basis.

22. PDFs for sub-projects. It is also proposed that any PDF requests for preparation of sub-projects be reviewed by the Secretariat and approved by the CEO out of resources approved by the Council for the larger project/program.

#### **POLICY FOR CANCELLATION/TERMINATION OF PROJECTS**

23. The GEF Instrument provides that “the Implementing Agencies shall be accountable to the Council for their GEF-financed activities, including the preparation and cost-effectiveness of GEF projects, and for the implementation of operational policies, strategies and decisions of the Council within their respective areas of competence .....” The roles of the Secretariat and the agencies were further clarified in an information note, GEF/C.21/Inf.5, *Clarifying the Roles and Responsibilities of GEF Entities*, presented at the May 2003 Council meeting. The policy for cancellation/termination of projects is proposed in this context.

24. The lead responsibility for country dialogue on GEF strategic programming is with the GEF Secretariat. Once the Secretariat and the country have agreed on the country’s strategic programming framework, the country will work with an agreed Implementing/Executing Agency (matched on the basis of its comparative advantage) to develop project proposals. Decision-making on cancelling project proposals or terminating/suspending projects is a responsibility shared between the country, the Implementing/Executing Agency, and the GEF Secretariat in accordance with the following policies and procedures.

25. At any stage of the project cycle, the country, the Implementing/Executing Agency, or the Secretariat may recommend cancelling/terminating/suspending a project for several reasons, including changes in national priorities, poor implementation performance leading to a conclusion that the project can no longer meet its objectives, or not meeting established pipeline management elapsed time benchmarks.

*Cancellation of Project Proposals during Preparation (prior to formal approval by the GEF agency)*

26. Prior to formal approval of a project by a GEF agency, the GEF Secretariat can cancel a project proposal in the pipeline after consultation with the country concerned and the Implementing/Executing Agency. Countries and Implementing/Executing Agencies may also recommend cancellation of project proposals to the Secretariat. The CEO is responsible for the decision to cancel a project proposal.

27. If a proposal is cancelled prior to Council approval/CEO approval, it is removed from the pipeline, and the Secretariat will inform the country and the Implementing/Executing Agency concerned, and the Trustee if any PDF has been approved for the proposal. The Implementing/Executing Agency will follow Trustee's rules and procedures regarding PDFs. If a proposal is cancelled after Council approval/CEO approval, but before formal approval by the GEF agency, the agency will: (i) inform the country concerned; (ii) submit an official cancellation notification to the GEF Trustee, copied to the Secretariat; and (iii) follow Trustee's rules and procedures for cancellations.<sup>7</sup>

*Termination/Suspension of Projects during Implementation (after formal approval by the GEF agency)*

28. Based on the Instrument and the roles and responsibilities of GEF entities, the decision to terminate/suspend a project during implementation is the responsibility of the Implementing/Executing Agency. Within this context, the following termination/suspension policy is proposed.

29. The GEF Secretariat can recommend termination/suspension of a project, following a letter to the country's GEF operational focal point with the reasons for the recommended termination/suspension. The Secretariat will request the Implementing/Executing Agency to consult with the country concerned to initiate termination/suspension. Countries and Implementing/Executing Agencies may also initiate termination/suspension of projects and will consult with the GEF Secretariat before termination/suspension decisions are finalized. The Implementing/Executing Agency will ensure that appropriate consultations are carried out with all the relevant government agencies that are involved in project preparation and/or implementation, and other partners, including co-financiers. The Implementing/Executing Agency will make the final decision on termination/suspension, and will: (i) send an official termination notice to the government; (ii) submit an official notification of termination to the

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<sup>7</sup> These include, among others, procedures to refund any undisbursed PDF funds and unused fees.

GEF Trustee, copied to the Secretariat; and (iii) follow Trustee's rules and procedures for terminations.<sup>8</sup>

*Reporting of Cancelled/Terminated Projects*

30. The Trustee, on an annual basis, will report to the Council at its second meeting of each calendar year on all Council/CEO approved projects that were cancelled/terminated/suspended during the preceding fiscal year. All information related to cancellations/terminations/suspensions will also be available through the management information system.

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<sup>8</sup> Ibid.

**Table A.1. Current Project Cycle Procedures for Approval of Projects**

	<b>Project Identification Review</b>	<b>Project Concept Review and Approval for Pipeline Entry</b>	<b>PDF-B/C Review and Approval</b>	<b>Project Proposal Review and Approval for inclusion in the Work Program</b>	<b>Project Document Review and Approval prior to approval by the Agency's approval authority</b>
Full-sized projects (> \$1 million)	Secretariat reviews and CEO approves Project Identification Form to initiate concept development.	Secretariat reviews and CEO approves entry into the GEF pipeline.	Secretariat reviews and CEO approves PDF.	Secretariat reviews, and CEO constitutes work program.  Council reviews and approves the work Program.	Secretariat reviews, and CEO endorses (under streamlined delegated authority).  Secretariat reviews and distributes project document to Council for 4 week review period followed by CEO endorsement (for those projects identified by Council at Work Program inclusion).
Medium-sized projects (< \$1 million)	Secretariat reviews and CEO approves Project Identification Form to initiate concept development.				Secretariat reviews and CEO approves project documents.
Enabling Activities					Secretariat reviews and CEO approves project documents.

**Table A.2. Types of Projects at different decision points in the Project Cycle (Current Practice)<sup>9</sup>**

	<b>Project Identification Review</b>	<b>Project Concept Review and Approval for Pipeline Entry</b>	<b>PDF-B/C Review and Approval</b>	<b>Project Proposal Review and Approval for inclusion in the Work Program</b>	<b>Project document review and Approval prior to approval by the Agency's approval authority</b>
<b>Tranched Projects</b>	<b>Type I</b>  Secretariat reviews and CO approves Project Identification Form to initiate concept development.	<b>Type I</b>  Entire project concept (including all tranches) to be approved for pipeline entry.  Secretariat reviews and CEO approves entry into the GEF Pipeline	  PDF-B/C could be approved for individual tranches.  Secretariat reviews and CEO approves PDF.	Entire project (including all tranches) enters into a WP to be approved by Council. Council approval is for specific amount of the first tranche only. The entire project enters WP only once.	Final project documents of the subsequent tranches are distributed to the Council for a 3-week review period prior to CEO endorsement.
	<b>Type II</b>  Secretariat reviews and CO approves Project Identification Form to initiate concept development.	<b>Type II</b>  Entire project (including all tranches) to be approved for pipeline entry.	  PDF-B/C could be approved for individual tranches.  Secretariat reviews and CEO approves PDF.	Entire project (including all tranches) to be approved by Council. The project enters WP only once.	The first and all subsequent tranches are endorsed by the CEO under delegated authority.
<b>Phased Projects</b>	Secretariat reviews and CO approves Project Identification Form to initiate concept development	The total project (all phases) is entered into the pipeline at concept review.	  PDF-B/C could be approved for individual phases.  Secretariat reviews and CEO approves PDF.	Each phase approved by Council. Subsequent phases should be accompanied by an independent evaluation of the earlier phase.	Final project document associated with each phase to be endorsed by the CEO under delegated authority.
<b>Investment Funds</b>	Secretariat reviews and CO approves Project	Amount for the entire partnership investment fund	PDF-B/C could be approved for individual	Each investment fund phase approved by the	Individual sub-projects under each investment

<sup>9</sup> Only projects with processing steps that differed from regular GEF projects are listed.

	<b>Project Identification Review</b>	<b>Project Concept Review and Approval for Pipeline Entry</b>	<b>PDF-B/C Review and Approval</b>	<b>Project Proposal Review and Approval for inclusion in the Work Program</b>	<b>Project document review and Approval prior to approval by the Agency's approval authority</b>
	Identification Form to initiate concept development	component to be approved for pipeline entry with timing and amount of initial investment fund phase to be specified by GEF Secretariat depending upon availability of funds. The coordination project, if any, may enter the pipeline as a separate project at the same time.	phases, and for individual sub-projects.  Secretariat reviews and CEO approves the PDF.	Council.	phase are endorsed by the CEO under delegated authority.
<b>Country Partnership Programs</b>	Secretariat reviews and CEO approves Project Identification Form to initiate concept development	Entire Partnership Framework reviewed and approved for pipeline entry, with timing of allocations specified by the GEF Secretariat depending on the availability of funds.	PDF-B/C could be approved for the partnership framework and for the individual sub-projects.  Secretariat reviews and CEO approves the PDF.	Council approves the entire Country Partnership Program.	Individual sub-projects are endorsed by the CEO under delegated authority.
<b>Umbrella Projects</b>	Secretariat reviews and CEO approves Project Identification Form to initiate concept development.	Umbrella project reviewed and approved for pipeline entry.	PDF-B/C could be approved for the umbrella project. .  Secretariat reviews and CEO approves the PDF.	Council approves the umbrella project.	Sub-projects approved by CEO/Agency???

Note: It is proposed that PDFs for individual sub-projects, if requested, be approved out of resources approved by the Council for the overall program/umbrella project.