



Global Environment Facility

Summary of Document GEF/C.31/7

GEF Project Cycle

Recommended Council Decision

The Council reviewed the *GEF Project Cycle* (GEF/C.31/7) and approves the revised project cycle for immediate application. The Council notes that the project cycle ensures (a) Council oversight of the implementation of GEF focal area strategies and programs, (b) GEF CEO executive authority to determine the composition of the work programs, including clearance of all concepts entering the work program, and cost effective use of GEF resources; and (c) Council review of final project documents prior to GEF CEO endorsement.

The Council requests the Secretariat, in consultation with the GEF agencies, the Trustee and the Evaluation Office, to prepare an operational manual to support the implementation of the project cycle and to facilitate access to GEF resources.

EXECUTIVE SUMMARY

1. The GEF Evaluation Office conducted an evaluation of the GEF project cycle in 2006, which concluded that: (a) the GEF activity cycle is not effective, nor efficient, and that the situation has grown worse over time; nor is it cost-effective; and (b) GEF modalities have not made full use of trends towards new forms of collaboration that serve to foster ownership and promote flexibility, efficiency and results.
2. At its meeting in December 2006, after taking note of these conclusions, the GEF Council agreed that no gains would be achieved by streamlining the current project cycle at the margins. The Council requested the Secretariat, in consultation with all the GEF entities, to present for Council review in June 2007 options for a new project cycle, with the objective of processing a proposal from identification to start of implementation in less than 22 months without compromising project quality or undermining financial accountability. In particular, the Council decided that such a proposal should address measures to: (a) focus the project identification phase on establishing project eligibility, resource availability, country endorsement and agreed agency comparative advantage; (b) move the work program from being project-based to being program-based in line with GEF strategies and policies; (c) allow projects to be endorsed by the CEO on a rolling basis; and (iv) expedite the project cycle.
3. This paper proposes a new GEF project cycle that is based on Council's guidance to the Secretariat, GEF Evaluation Office recommendations, as well as the CEO's proposals for

reforming the GEF as outlined in the five-point Sustainability Compact presented to the Council in December 2006. The proposed new GEF project cycle consists of the following steps involving the Secretariat, the CEO, and the GEF Council in the project cycles of the Implementing and Executing Agencies:

- (a) Council approval of the work program, consisting of project concepts (PIFs) cleared by the CEO;
- (b) CEO endorsement following Council review of fully-prepared projects; and
- (c) Secretariat monitoring of portfolio performance during implementation, and evaluation oversight of the GEF Evaluation Office

4. The GEF will establish a target for average elapsed time of 22 months from PIF approval to endorsement by the CEO. Besides reducing the number of steps in the project cycle, the revised cycle aims to reduce the documentation requirements by sharply focusing the Secretariat reviews of the PIF and the project document on those criteria that are critical to achieving the objectives for which a GEF grant is provided. Other criteria that reflect the GEF operational principles, such as sustainability, replicability, stakeholder involvement, co-financing commitment, scientific and technical innovation, are better, and more realistically monitored during project implementation through the annual project implementation reporting and review process as outlined in the Results-based Management Framework. Such an approach reflects a shift from an “approvals” culture to a “results-management” culture.