

GEF Council Meeting
June 29 – July 02, 2010
Washington, D.C

Agenda Item 11

STREAMLINING THE PROJECT CYCLE
&
REFINING THE PROGRAMMATIC APPROACH

Recommended Council Decision

The Council, having reviewed document GEF/C.38/5, *Streamlining the Project Cycle and Refining the Programmatic Approach*, agreed to the proposed changes to the project cycle as well as to the two types of GEF programmatic approaches, as described in the document.

The Council noted that the current project cycle business standard of 22 months between PIF approval and CEO endorsement for full-sized projects has been met by a large share of projects, and agreed to a new standard of 18 months, which will be reviewed at the June 2011 Council meeting.

The Council emphasized the imperative to maintain quality at entry in projects and programs, and requested the Secretariat to include the Secretariat review sheets along with the project and program documentation submitted for Council approval.

The Council requested the Agencies, in collaboration with the Secretariat, to identify streamlining measures in the project cycles of the Agencies. The Council further requested the Secretariat, in collaboration with the Agencies, to recommend: (i) business standards for Agencies' engagements with the recipient countries and with the GEF Secretariat; and (ii) elapsed time standards between key project cycle milestones, which are:

- (a) Time elapsed between submission of a project concept to a GEF Agency and the submission of the PIF to the GEF Secretariat;
- (b) Time elapsed between PIF approval by the GEF Council and CEO endorsement;
- (c) Time elapsed between CEO endorsement and the first project disbursement.

The Council requested the Secretariat to track and report on the elapsed times in the Annual Monitoring Report (AMR)

The Council requested the Secretariat to develop the capacity of the GEF Project Management and Information System (PMIS) to gather data throughout the project cycle. The Council requested the Agencies to input the relevant data into the PMIS.

The Council requested the Secretariat to prepare a policy paper detailing the full project cycle and the two programmatic approaches, including the changes approved by the Council, and submit it as an Information Document for the November 2010 Council Meeting.

EXECUTIVE SUMMARY

1. Parties to the Fifth Replenishment of the GEF, which was concluded in May 2010, agreed upon a set of policy recommendations, including: (i) streamlining the project cycle; and (ii) refining the programmatic approach. The Secretariat, in consultation with the GEF Agencies, STAP, the Trustee, and the Evaluation Office has prepared this document for Council discussion on the above-mentioned topics.
2. The first step of the proposed project cycle for full-sized projects will be Council approval of Project Identification Forms (PIFs) as part of a work program. When a project has been fully prepared, it will be reviewed and endorsed by the GEF CEO, after which the project will be approved by the Agency following its own procedures and begin implementation.
3. Medium-sized projects will follow a streamlined process whereby GEF Agencies will work with countries to prepare the full project documents that will be reviewed and approved by the GEF CEO. Following CEO approval, the project document will be approved by the Agency following its own procedures and begin implementation. It is proposed that the size of medium-sized projects be increased to \$2 million.
4. Two types of approaches are proposed for refining the programming approach. The first type proposes minor modifications to the current approach that is outlined in GEF/C.33/6. These modifications include the introduction of a coordination budget (in the case of multi-agency programs) for the program coordination agency, as well as providing all participating agencies with agency fees calculated at 9 percent of a pro rated share of the aggregate amount of the GEF grant associated with the program.
5. The second type of approach, proposed for GEF Agencies that meet criteria for a delegation of authority to approve projects as outlined in Annex 1, adds additional streamlining. The Council will still approve a Program Framework Document along with the overall grant amount associated with the program. Individual projects, after being fully prepared, will be reviewed and endorsed by the CEO. After CEO endorsement of each project, the Agency will approve the project following its own procedures and begin implementation.
6. This document also outlines the responsibilities for both project and program monitoring in the context of the GEF's Annual Monitoring Review (AMR) process.

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INTRODUCTION

1. Parties to the Fifth Replenishment of the GEF, concluded in May 2010, recommended a set of policy recommendations, including: (i) streamlining the project cycle; and (ii) refining the programmatic approach. The Secretariat, in consultation with the GEF Agencies, STAP, the Trustee, and the Evaluation Office has prepared this document for Council discussion on the above-mentioned topics.

PROPOSED GEF-5 PROJECT CYCLE

Improving the Current GEF Project Cycle

2. Seeking improved effectiveness and efficiency of GEF business processes has been a continuous endeavor. The project cycle has been a focus of successive streamlining measures. The latest round of streamlining, which was approved by the Council in June 2007 (GEF/C.31/7/Rev.1), adopted an approach whereby the Council approves proposals at two stages – first at the concept stage (based on a Project Identification Form) in a work program and, second, when the project is fully prepared (based on a final project document) prior to CEO endorsement. This process represented a streamlining of the former multi-stage Council and CEO approval process. However, with the introduction of voluntary *National Portfolio Formulation Exercises* (NPFES), which are expected to enhance transparency and predictability of GEF programming, there is considerable further scope for streamlining, without negatively affecting the key functions of the Council with regard to project approval.

3. Further improvement and streamlining of the project cycle can be achieved only if all the actors in the project cycle management process – Council, Secretariat, and GEF Agencies – work together to identify bottlenecks and adjust procedures and processes in order to deliver GEF resources more swiftly and cost effectively, without compromising quality.

4. This paper proposes that the current two-step Council approval process for full-sized projects (FSPs) be modified to a one-step Council approval process. Project cycle procedures for medium-sized projects (MSPs) will be modified to provide the CEO with delegated authority to approve projects without circulation to Council for comments. In addition, the criteria employed for MSPs will be revisited in order to ensure that the documentation requirements and review processes are in line with the size of the grant request. Expedited procedures for enabling activities will remain unchanged.

Full-Sized Project Approval Process

5. GEF Agencies will work with recipient countries to develop concepts and prepare Project Identification Forms (PIFs). In cases where countries conduct voluntary NPFES, these concepts will likely reflect the directions and priorities that are identified through the NPFE or equivalent process, such as ongoing dialogue and national planning processes with Agencies.

6. As is current practice, the GEF Secretariat will review the PIFs on an ongoing basis for inclusion in a workprogram. The Secretariat will have a one-stop PIF review¹ with a 10-working day business standard. In addition, Agencies could also choose to participate in periodic bilateral

¹ The Secretariat will compile and raise all the questions/issues with regard to a PIF only once to which the Agencies are expected to provide a complete response in order to prevent multiple “back and forths” between the Secretariat and the Agencies

meetings to be organized by the Secretariat, where all issues related to a PIF can be discussed and understandings can be reached regarding the finalization of the PIF.

7. It is proposed that the Council continue to approve the contents of work programs comprised of PIFs as is currently done. Following Council approval, recipient countries, in partnership with the Agencies, will undertake detailed project development. Requests for a project preparation grant may be submitted to the Secretariat along with the PIF; once the PIF has been cleared by the CEO for inclusion in the work program; the CEO will review the preparation grant requests for approval.

8. Under the present rules, the CEO circulates all final project documents to the Council for a four week comment period prior to endorsement. Experience indicates that this degree of scrutiny is not necessary. Data maintained by the Secretariat shows that of the final project documents posted for Council review, only 8 percent of the projects received Council comments, and the Council has not rejected a single project at this phase in the past five years.

9. It is proposed to abolish the requirement to circulate final project documents to the Council, prior to CEO endorsement. Final project documents, with country endorsement, will be submitted to the GEF Secretariat for a 10 business-day review period, for CEO endorsement. Following CEO endorsement, the project will be approved by the Agency, following its own procedures, at which point the project can start implementation. All project documents will be posted on the GEF website. However, full-sized project documents, after a review by the Secretariat (for which the Secretariat will have up to 10 business-days), will be circulated to the Council for a four-week review period, followed by CEO endorsement in the following instances:

- (a) A GEF Council Member has requested, at the time of PIF approval, that the Secretariat circulate the final project document to the full Council for review prior to endorsement; or
- (b) The GEF CEO has, upon review, determined that there have been major changes to the project scope and approach since PIF approval;²

10. Following CEO endorsement, a project will be normally approved by the Agency following its own procedures,³ after which the project can start implementation. All project documents will be posted on the GEF website.

11. All project cycle streamlining measures will be aimed at speeding up the project approval system while maintaining due-diligence and quality at entry. Existing measures established for streamlining the project cycle will continue to be implemented and further improved. For example, the Secretariat will further improve its monitoring of elapsed time for project preparation against the agreed standard of 22 months between PIF approval and CEO endorsement. The Secretariat will use the data on project processing efficiency provided in the performance and outcomes matrix in the Annual Performance Report as a basis for engaging in discussions with Agencies to identify hindrances to optimal performance and to agree on measures that can be taken to further improve efficiency. All such measures will be developed without compromising on due-diligence or on quality at entry.

² The Council paper, *GEF Project Cycle Update: Clarification on Policies and Procedures for Project Amendments and Drops/Cancellations* (GEF/C.24/Inf.5), stipulates that projects with major amendments since Council approval and prior to CEO endorsement, should be re-circulated to Council for a four-week review period, prior to CEO endorsement.

³ Some Agencies approve the project document prior to submission to the GEF Secretariat for CEO endorsement.

12. Simultaneously, while continuing to implement the elapsed time of 22 months for FSPs, the Secretariat, in collaboration with the GEF Agencies and Evaluation Office, will also review the efficacy and impact of the 22-month elapsed time and other service standards. Such reviews will take into account the differences between single-country and multiple-country projects and multiple focal area projects.⁴

13. The 10-day service standard of the Secretariat for the PIF review and project preparation grant review will be maintained; the standard for CEO endorsement review will be 10 working days. To improve the service, the Secretariat will focus on providing greater clarity, comprehensiveness, and consistency in the review sheet to avoid confusion. Agencies will be required to respond within 10 working days to any requests raised in the Secretariat review sheet. In exceptional cases where there are complex issues that need to be resolved, the Secretariat and the Agency will agree on an acceptable timeframe to respond to these issues.

14. The tracking system will capture the elapsed time of major steps in the process in order to improve the system. The Secretariat will report on performance with regard to elapsed times in the Annual Monitoring Report (AMR). In order to respond to concerns raised by the Council regarding the status of PIFs before they are submitted to the Secretariat, the Secretariat will include provisions in its Project Management Information System (PMIS) that allow Agencies to log in relevant information as soon as concepts are submitted by countries to the Agencies. The Secretariat will report on the development of such a system at the next Council meeting.

15. The role of GEF Secretariat staff may warrant clarification as the new project cycle goes into implementation. More responsibilities are also foreseen for program managers in terms of project monitoring in the context of the results based management framework.⁵

Medium-Sized Project Approval Process

16. GEF Agencies will work with recipient countries to identify concepts and prepare project documents. Further, it is proposed that the size of medium-sized projects be increased to \$2 million.

17. Under current rules, final medium-sized project documents are circulated to the Council for a two-week review period prior to CEO approval. It is proposed that approval for medium-sized projects be further delegated to the CEO without prior circulation to Council. Following CEO approval, the project document will be approved by the Agency following its own procedures, followed by the start of project implementation. The approved project document will be posted on the GEF website for information.

18. If preparation grants are required for medium-sized projects, Agencies will submit PIFs along with the preparation grant request for review and approval by the CEO.

Enabling Activities under Expedited Procedures

19. No changes are proposed in the current policies and procedures for approval of enabling activities under expedited procedures, where the CEO has delegated approval authority.⁶

⁴ When and if the proposed project cycle is approved by Council, the GEF Secretariat will undertake such review with GEF Agencies and Evaluation Office and also will update the GEF Operations Manual to reflect changes in the project cycle.

⁵ The Program Managers will be more extensively involved in the monitoring of GEF project portfolios and the annual Project Implementation Report (PIR) that may require on-site review.

Disbursement of Resources

20. Full-sized Projects. Resources associated with PIFs that have been approved by the Council, including Agency fees, will be set-aside by the Trustee. The resources will be committed by the Trustee to the GEF Agency upon CEO endorsement of the final project document, and will be disbursed based on agreed existing procedures between the Trustee and the Agencies. Full-sized project funds cannot be disbursed until the Agency sends confirmation to the Trustee of the Agency's approval of the full project document.

21. Medium-sized Projects. Resources associated with the projects, including Agency fees, will be set-aside and committed by the Trustee to the relevant GEF Agency upon CEO approval of the final project document, and will be disbursed based on agreed existing procedures between the Trustee and the Agencies. Medium-sized project funds cannot be disbursed until the Agency sends confirmation to the Trustee of the Agency's approval of the full project document.

22. Project Preparation Grants and Enabling Activities. Resources associated with the projects, including Agency fees, will be set-aside and committed by the Trustee to the relevant GEF Agency upon CEO approval of the final project document, and will be disbursed based on agreed existing procedures between the Trustee and the Agencies.

Direct Access to GEF Resources

23. Participants to the GEF-5 replenishment process recommended that direct access to GEF resources be provided to national entities to undertake the following two exercises: (i) National Portfolio Formulation Exercises (NPFES); and (ii) the financing of convention reports undertaken by a country as an obligation to a multilateral environmental convention for which the GEF serves as a financial mechanism.⁷ NPFES will be conducted solely on a voluntary basis by countries that wish to have the opportunity to improve planning for the use of their GEF project portfolio, in a way that enhances transparency and predictability, country-level coordination, and input from key stakeholders. Countries that choose to undertake these exercises will receive direct financial support from the GEF, as well as technical support from the GEF Secretariat. Policies and procedures associated with these activities are presented separately for Council review and approval.

Project Implementation

24. Responsibility for implementation of projects designed and implemented through GEF Agencies is the responsibility of the GEF Agency and the Agency is directly accountable to the GEF Council for project performance, including management of GEF resources provided for the project. The Agencies will continue their monitoring role at the project-level. The GEF Secretariat, following its standard Results-based Management Framework (RBM) practice, will, in consultation with the Agencies, have a role in monitoring and reporting on portfolio-level performance to the Council. The GEF corporate and focal area specific results frameworks will guide all Secretariat monitoring and learning activities.

⁶ Non-expedited enabling activities (EA) will be processed following the FSP approval procedures. The determination of expedited and non-expedited is the threshold amount of the EA which varies by focal area, e.g. biodiversity and climate change focal areas, up to \$450,000; persistent organic pollutants, up to \$500,000; and NCSAs, up to \$200,000 (see *GEF Project Cycle: An Update* (GEF/C.22/Inf. 9) and the note, "*Processing of Enabling Activities*" posted on the GEF website for further reference).

⁷ Operationalization of direct access to GEF resources is described in a separate Council paper (GEF/C.38/6).

25. As part of the Annual Monitoring Review exercise, each GEF Agency is required to submit individual **Project Implementation Reports (PIRs)** on all active projects⁸ in their respective portfolios. The PIRs discuss project performance and include Agency ratings that provide the basis of the analysis in the Annual Monitoring Review (AMR) on implementation progress and progress toward achieving development/global environment objectives.⁹ While each Agency has developed its own PIR format in line with its internal monitoring procedures, a standard set of information is required from all Agencies. As part of the AMR exercise, the Agencies also submit a focal area tracking tool for projects (where applicable) and **Agency Overview Reports**, providing an overall assessment of their GEF portfolio under implementation. Information from these reports is then used to inform the AMR discussion of focal area results as well as lessons learned.

26. The GEF Secretariat, in consultation with the Agencies, will prepare the Annual Monitoring Review (AMR), which provides a snap shot of the overall health of the GEF's active portfolio of projects each fiscal year, including, *inter alia*, project implementation progress, progress towards achievement of global environmental objectives, realization of co-financing, actions taken to achieve sustainability and replication, as well as lessons learned. The AMR is submitted to the Council on an Annual basis.

27. The Secretariat will employ the Annual Monitoring Review exercise as an opportunity to identify positive and negative portfolio-relevant trends, systemic issues and lessons. The AMR will include portfolio review exercises, including field visits undertaken by the Secretariat, as a means of documenting emerging lessons and improving strategy and policy. In addition, the Secretariat reserves the right to visit and review and request information pertaining to any project financed by the GEF as part of its portfolio monitoring function.

28. Agencies are required to undertake mid-term reviews for full-sized projects under implementation. Mid-term reviews are encouraged for medium-sized projects and enabling activities. Terminal evaluations are required of all projects upon completion of implementation. All reports will be submitted to the GEF Secretariat as part of the Annual Monitoring Review process.

Implementation Completion/Closure

29. Agencies are required to submit terminal evaluation reports to the GEF Evaluation Office. The Evaluation Office assesses the quality of the terminal evaluations by conducting terminal evaluation reviews (TERs), including compliance with the GEF M&E Policy, and reports to the GEF Council.

30. Upon financial closures of projects/activities, the GEF Agencies report to the Trustee any unused funds.

⁸ Defined as projects that have been CEO endorsed or CEO approved.

⁹ Six ratings are used by Agencies: Highly Satisfactory (HS), Satisfactory (S), Marginally Satisfactory (MS), Marginally Unsatisfactory (MU), Unsatisfactory (U) and Highly Unsatisfactory (HU).

REFINING THE PROGRAMMATIC APPROACH

31. The current policies and procedures for programmatic approaches are outlined in GEF/C.33/6 (April 2008). Implementation experience points to the need to streamline the programmatic approaches, particularly for those Agencies that meet the criteria to qualify for a delegated approval of projects (qualifying Agencies) (see Annex 1).

Fundamental Objective of the GEF Programmatic Approach

32. The *overall objective* of the programmatic approach is to secure a larger-scale and sustained impact on the global environment by implementing medium to long-term strategies for achieving specific global environmental objectives that are consistent with the national or regional strategies and plans of recipient countries. By working through programmatic approaches, the GEF would also be able to disburse large-scale GEF resources effectively and efficiently to countries and regions with enhanced accountability and oversight. Moreover, programs would provide an opportunity for interested donors or other partners (including the private sector) to invest additional, focused funding that seeks to achieve the same impacts.

33. The use of programmatic approaches at the GEF should not preclude application of GEF funds through regular project modalities outside the scope and context of a program.

34. Two types of programs are proposed in moving forward with the programmatic approach. The first type, will continue the programmatic approach, essentially following current rules and procedures, but with some modifications, and will be accessible to all GEF Agencies; this type also offers the possibility of multi-agency programs coordinated through a Program Coordination Agency. The second type offers a streamlined set of procedures and will be available to qualifying GEF Agencies (Annex1) for programs that are to be implemented by a single qualifying Agency.

Current Programmatic Approach with Modification

35. The current GEF programmatic approach is described in GEF/C.33/6, which was reviewed and approved at the April 2008 Council meeting. This section describes the various elements of the approach, and modifications. The modifications lie in the provision of resources for the program coordination agency and in the level of fees available to participating agencies.

Program Coordination Agency

36. It is expected that each GEF Program will be designed and led by a designated Program Coordination Agency, in close consultation with the GEF Secretariat. The GEF Program Coordination Agency will coordinate activities under the program, such as upstream consultations at the country/regional level, program monitoring and evaluation, leveraging additional partners and funding sources, and knowledge management.

37. Implementation of programmatic approaches will be the responsibility of the Agencies participating in the program. The Program Coordination Agency, in consultation with the GEF Secretariat, will coordinate the preparation work, including consultations with various stakeholders and drafting the final Program Framework Document (PFD) for CEO clearance and

submission to Council for approval as part of a work program. During program implementation, the Program Coordination Agency will coordinate program supervision, mid-term review and terminal evaluation reports as well as submission to GEF Secretariat annual performance review reports for the programs.

38. Finally, PFDs will need to define the monitoring and evaluation and reporting requirements of the Program Coordination Agency, consistent with the GEF M&E policy,¹⁰ to reflect program performance and results. The PFD may also identify flexibility mechanisms in terms of modifications to the implementation of various components within the larger program. In this way, programs can embrace adaptive management and respond to experience gained from implementation and from monitoring and evaluation activities.

39. The following criteria will help to determine the appropriate Program Coordination Agency for a program:

- (a) Comparative advantage;
- (b) Cost effectiveness, including economies of scale
- (c) Track record and involvement in program scope in terms of policy dialogue, technical assistance and/or investment projects;
- (d) Strong pipeline of planned ‘business-as-usual’ activities of relevance to the Program;
- (e) Resources and capacity to assist in the coordination of activities of other GEF and non-GEF agencies in the country/region; and
- (f) Country/regional presence (for national or regional programs), and
- (g) Capacities to raise appropriate cofinancing ratio.

40. The Program Coordination Agency will fulfill the following functions at the programmatic level:

- (a) Assist governments in convening country/regional-level consultation meetings to agree on the main policy, capacity building and investment elements to be addressed by the Program;
- (b) Assist country/-ies to articulate a programmatic framework, in cooperation with all relevant partners;
- (c) Attract and facilitate a coordinated response of multilateral and bilateral agencies as well as other stakeholders in support of the Program;
- (d) Assist in the mobilization of additional resources within the agreed programmatic framework;
- (e) Coordinate the national or regional institution(s) regarding the monitoring and reporting on the progress towards achieving the agreed Program results;

¹⁰ The revision of the GEF monitoring and evaluation policy for GEF-5, which will be undertaken by the Evaluation Office together with the Secretariat in consultation with the GEF Agencies and STAP, will include the elements on the planning, budgeting and implementation of program-level M&E discussed in this note, but may contain further guidelines.

- (f) Report back to the GEF through the Annual Monitoring Review (AMR) process on progress towards achieving results and, for programs with delegated authority, on the allocation and disbursement of resources;
- (g) In close collaboration with the GEF Secretariat and the GEF Evaluation Office, assist in the final evaluation of the Program; and
- (h) Oversee submission of required documentation of Program activities to the GEF in accordance with the GEF project cycle and M&E policy.

Approval Process for Programmatic Approaches

41. The current procedures for programmatic approaches, as reflected in GEF/C.33/6, spell out procedures for Council approval of: (i) a Program Framework Document; and (ii) PIFs for projects under the program, followed by CEO endorsement of projects under the program following a four-week review period when the documents are distributed to the Council.

Council Approval of Program-Framework Document

42. The first official step toward agreement on a programmatic approach is securing the approval of the Program Framework Document (PFD) by the Council as part of a work program presented for Council review. The overarching objective of the PFD is to clearly explain the rationale for the program, define and quantify the impacts to be achieved, and provide sufficient information for the GEF Council to judge whether they can be achieved in a cost-effective manner. To meet this objective, the PFD, inter-alia, will:

- (a) present the background and rationale for, and the priorities of, the proposed program, its strategic mid-term and long-term vision for the targeted sector/country(ies)/region to mainstream global environmental concerns, and its value-added;
- (b) identify the program objective and expected results and show alignment with GEF focal area strategies and expected achievement of global environmental benefits;
- (c) set forth the project implementation timeline, and articulate how implementation of the program will be sequenced to foster increased integration of global environmental issues into the country/-ies development agenda;
- (d) describe the consultation process during the preparation of the program and envisaged in the future for project development;
- (e) provide full details on the proposed total program amount requested, broken down by country and GEF focal area (to include all project grants, PPGs and Agency fees) for the Trustee to set-aside, as well as an analysis of the cost-effectiveness of the program;
- (f) provide information on the expected co-financing, including sources;
- (g) specify partnerships that would be needed to successfully implement the program;
- (h) articulate how the program will provide opportunities to address the enabling environment, local investments and cross-cutting elements in a more comprehensive way than is currently possible through individual projects;

- (i) describe a results management framework, consistent with GEF policy, and spell out program coordination, monitoring and evaluation activities;
- (j) provide a detailed knowledge management mechanism(s) at the programmatic level (either in place or to be designed);
- (k) identify the comparative advantage of the Program Coordination Agency, as well as the roles and responsibilities of the relevant GEF and non-GEF agencies in addition to the Program Coordination Agency;
- (l) demonstrate the consistency of the program with national/regional priorities/plans/policies; and
- (m) provide a brief description of the projects intended to be financed under the program.

43. The Council will review a PFD and agree to its concept and objective. The Project Identification Forms (PIFs) of the projects under the program will be submitted either as part of the Program Framework Document, or as part of subsequent work programs for approval of the Council. All PIFs should be submitted for the review and approval of the Council no later than 6 months after approval of the PFD, at which time all unused set-aside resources will automatically be returned to the GEF Trust Fund.¹¹

Approval of Individual Projects under the Program

44. When the Agencies have prepared the full project documents for the projects under the program, they will be submitted to the Secretariat for CEO endorsement following a 4-week circulation period¹² in which the documents are distributed to the Council.

45. Following CEO endorsement, the project will be approved by the Agency following its own procedures and implementation initiated. The time between PFD approval and the start of implementation of the entire program, inclusive of all its component projects, cannot exceed 22 months.¹³

Resource Envelopes, Commitments and Disbursement of Resources

46. The Trustee will set-aside resource envelopes associated with individual projects under a program on a project-by-project basis when the Project Identification Forms (PIFs) are approved by the Council. When the final project documents are endorsed/approved by the CEO, the Trustee will commit resources on a project-by-project basis. Disbursements for these projects will be based on existing agreed financial procedures between the Trustee and the Agency.

¹¹ Since under the STAR, resources will go back to indicative country allocations for three focal areas, countries could come back with proposals when they are ready. For focal areas outside the STAR, the ability to reactivate projects will depend upon the availability of resources.

¹² Full-sized project documents will be first reviewed by the Secretariat (10-working day business standard) and then submitted to the **Council for a 4-week review period**, following which the CEO will endorse the document. Medium-sized project documents will be reviewed and approved by the CEO following the 10-working day business standard.

¹³ The exception would be for those projects that require parliamentary approval in the recipient country.

Agency Fees

47. The Program Coordination Agency will submit a detailed proposal for Coordination as part of the Program Framework Document (PFD). The CEO will approve the fee request after the PFD has been approved by the Council.

48. Each participating Agency will receive Agency fees calculated at 9 percent of a prorated share of the aggregate amount of the GEF grant associated with the program.

Proposed New Approach for Qualifying Agencies

49. This approach is accessible only to Agencies that meet the qualifying criteria proposed in Annex 1 for delegated approval of projects. Further, programs under this approach have to be prepared and implemented by a single qualifying Agency.

Approval of Program Framework Document by the Council

50. A Program Framework Document will be prepared following the criteria outlined in paragraph 42, and submitted to the Council for approval as part of a workprogram. The Council, while approving the program, will also approve the full program amount requested as part of the PFD. The GEF Agency will advance resources from its own account for the preparation of the PFD.

51. Following Council approval of the PFD, the Trustee will set-aside the amount approved by the Council for the program. The CEO may also approve upto 30% of the total fee associated with the program for reimbursing the Agency for the cost of preparation of the PFD.

52. The GEF Agency will then focus on the preparation and approval of individual projects under the program following a streamlined approach with endorsement/approval authority delegated to the CEO.

Approval of Individual Projects under the Program

53. The project concept/project identification for the individual projects will be approved by the qualifying Agency following its own individual procedures. When the projects are fully prepared, the project documents, for both full-sized and medium-sized projects, will be submitted to the Secretariat for a 10 working-day review period for CEO endorsement/approval.

54. After CEO endorsement/approval of each project, the qualifying Agency will approve the project following its own internal procedures, and the project will begin implementation. All approved project documents will be posted on the GEF website for information. All projects must start implementation no later than 22 months after the approval of the Program Framework Document.¹⁴

55. The feasibility of introducing a non-objection CEO endorsement approach will be examined after two years of implementation of this type of proposed programmatic approach.

Streamlining of Resource Envelopes, Commitments, and Disbursement of Resources

56. To further streamline the process for the second type of programmatic approach, it is proposed that Council approve a PFD with a corresponding envelope for funding the individual projects under the program. Such a funding envelope will support the establishment, in advance,

¹⁴ The exception would be for those projects that require parliamentary approval in the recipient country.

of appropriate facilities for managing large programs, and for undertaking ongoing reviews and other highly desirable, program-wide results management activities. In addition, this will improve the predictability of GEF funding for recipient countries and their partners, and facilitate expedited disbursement of large level of GEF resources.

57. When approving a PFD, the Council will approve and set-aside a total resource envelope for all projects and activities, including Agency fees, to be funded under the program; these resources may come from a single focal area or from a number of focal areas. The amount that will be disbursed for approved projects under the program will be deducted from this envelope, by relevant focal area in the relative proportions, until the envelope is depleted.

58. The subsequent commitment and disbursement of resources by the Trustee will be triggered according to the approval process for the individual projects under the program.

59. The Trustee will commit funds, including Agency fees, on a project-by-project basis upon CEO endorsement of the project document. Disbursements for these projects will be based on existing agreed financial procedures between the Trustee and the Agency.

60. Council will be informed, via the biannual report on programming on the financial status of approved programs, including all associated GEF amounts, and qualifying Agencies will need to provide all relevant project data to GEF Secretariat to meet the internal deadlines of these reports. If the timeline for project approval has passed, related resources will be returned to the general GEF Trust Fund.¹⁵

Agency Fees

61. The proposed streamlined approach for qualifying Agencies is expected to result in a reduction in transaction costs. In step with other funds following similar approaches, the GEF Agency will receive 8 percent of the overall program grant as Agency fee. The level of fees for the new programmatic approach will be reviewed after one year of implementation.

Special RBM Needs Associated with Programmatic Approaches

62. Working with appropriate partners, and maintaining an emphasis on performance, the GEF Agencies will be responsible for program-level results measurement and reporting. Process monitoring, a useful management tool, will be carried out on an ongoing basis to track whether the program is being implemented as intended, and elapsed time standards are being met, and resources are being used efficiently. Program results and progress in program implementation will be reported through the GEF AMR based on the submission by the GEF Agency of an implementation report for the program; for programs implemented through multiple agencies, the Program Coordination Agency will bear this responsibility. For each program, the GEF Agency will be obliged to submit a program implementation report to the GEF Secretariat on an annual basis. The AMR will be submitted to Council as an annual status report of the portfolio, including all programs.

63. In order to assure full accountability, an RBM strategy would form part of each program document. The strategy would include a results framework for the program, a baseline, would show how each project would contribute to the program goal and objectives, detail how monitoring of results and of effectiveness and efficiency indicators would achieve coverage of all projects, and would include a detailed budget to adequately support the monitoring,

¹⁵ The exception would be for those projects that require parliamentary approval in the recipient country.

evaluation and learning of the program. Each project results framework would be aligned with the program's goals and objectives and identify contributions to the program's results.

64. Ongoing monitoring through programmatic mid-term reviews and terminal evaluations will encourage learning and adaptive management. All program reviews and evaluations would be made available to the GEF Secretariat and Evaluation Office. The Secretariat may undertake joint supervision missions with the GEF Agencies to review programs under implementation.

ANNEX 1: CRITERIA FOR DELEGATION OF AUTHORITY FOR PROJECT APPROVAL

1. The GEF criteria that an Agency must meet to be eligible for a delegation of authority to approve projects include:

- (a) reliance for project approval on a Board:
 - (i) that is established as part of the institution's foundational charter;
 - (ii) that represents constituencies, not individual countries, comprising all member countries of the Agency;
 - (iii) whose approval process operates within and is subordinate to a set of appraisal and quality of entry requirements that include at a minimum:
 - a. environmental and social safeguard mechanisms;
 - b. formal appraisal procedures and documentation;
 - c. project concept review meetings;
 - d. quality enhancement review systems;
 - e. project-at-risk management mechanisms assessments; and
 - f. disclosure before going to Board.
 - (iv) Whose approval process is transparent, with the relevant Board decisions and documents publicly available.
- (b) The practice of negotiating and concluding signed agreements between the Agency and the recipient government on specific conditions for implementation of the project, including:
 - (i) obligations of the government;
 - (ii) Financial aspects of project implementation; and
 - (iii) Legal aspects of project implementation.