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UPDATE ON THE GEF NATIONAL PORTFOLIO FORMULATION EXERCISES

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INTRODUCTION

1. During the Fifth Replenishment of the GEF Trust Fund (GEF-5), Participants agreed that voluntary National Portfolio Formulation Exercises (NPFES) would be encouraged as tools to help interested recipient countries to establish or to strengthen national processes and mechanisms to facilitate GEF programming. The recommendation on voluntary NPFES was an outgrowth of Recommendation 5 of the *Fourth Overall Performance Study of the GEF*, which called for the GEF to “further develop programming at the national level by supporting the creation of GEF national committees and GEF national business plans.”

DEVELOPMENT OF NPFES

2. NPFES have been designed as recipient executed activities, where coordination has been fully undertaken by national focal points. The choice of whether or not to execute an NPFE has been solely at the discretion of the country government and has not become a pre-requisite for obtaining GEF grants. Indeed, some countries decided to undertake a consultative programming exercise without requesting support from the GEF.

3. For those countries that have so requested, the GEF Secretariat has been providing up to \$30,000 to support the costs of these exercises, including holding of necessary meetings, broader consultations, and contracting any necessary consultants or experts. The expected output of the grant is the production of a National Portfolio Formulation Document which summarizes each country’s programming priorities. As indicated in the status report below, no countries have yet concluded the exercise. Nevertheless, a couple of those that have undertaken the exercise without GEF support have shared the results with the Secretariat.

4. As stated in the respective Council documents, countries undertaking an NPFE have done so in a manner compatible with the attainment of the following objectives:

- (a) To strengthen country ownership over decisions on GEF resource programming;
- (b) To align the programming of GEF resources with other relevant strategies and national planning processes;
- (c) To increase responsiveness to country priorities for generating global environmental benefits under the multilateral environmental conventions;
- (d) To identify projects and programmatic approaches that will use national allocations under the STAR in the three concerned focal areas, as well as other resources available under the GEF focal areas not subject to STAR allocations;
- (e) To bring together all relevant ministries and representatives of other key stakeholders (e.g. CSOs and the private sector) to provide input on decisions regarding GEF resource programming;
- (f) To build the capacity of GEF focal points to coordinate GEF policy with other ministries and to solicit input from other stakeholders;

(g) To provide for a more predictable and transparent programming process at the national level, that will provide the GEF Secretariat, the GEF Agencies, and the GEF Council with a clearer understanding of each country's prospective project pipeline during a replenishment period;

(h) To enhance the mainstreaming of global environmental concerns into other national planning processes and strategies by raising awareness of global environmental issues and priorities among national decision-makers.

5. As conceptualized in Council documents, the GEF CEO wrote a letter to GEF Operational Focal Points (OFPs) in August, 2010, advising them of availability of resources for NPFEs and the procedures for applying for support, and over time, more than 40 countries responded by requesting the application package (Annex IV). As can be seen in the table and status list below, the applications and their processing continues at present.

6. The application package requests a list of activities and a budget for each as well as answers to questions required for a simplified Financial Management Assessment of the national institution that will carry out the exercise. Once both of these have been approved, the Grant Agreement and Letter of Disbursement are drafted, signed by the GEF CEO and sent for countersignature to the countries. Once the original countersigned documents are received, the disbursement process takes place and the activity is carried out.

7. While the process has been working, it has also faced challenges. Indeed, as the GEF is administratively a part of the World Bank, it has followed the steps normally applied to small grants within this institution. With the help of different departments in the World Bank, these procedures were simplified as far as possible, and the steps can be found in Annex III. While this list shows what could be considered as an excessively complex process, there are many safeguards that an institution like the World Bank requires to ensure its business is conducted in a responsible manner. The GEF is currently working with the World Bank to design a simpler way of making grants at this reduced level and for activities such as the NPFE. This will allow the NPFEs for GEF6 to be undertaken in a more expedited manner.

8. Annex I provides a table containing a summary of NPFE activity to date, and Annex II provides an update on the status of NPFEs in the countries that have chosen to undertake one.

9. The GEF Secretariat will review final drafts of the National Portfolio Formulation Documents and will provide advice back to the recipient country on whether proposed projects or priorities are eligible for funding during the given replenishment period. In some cases, the GEF Secretariat focal area experts have been invited to participate in the final meeting where the National Portfolio Formulation Document is considered and have provided advice during those meetings.

10. In summary, 45 countries have either applied for GEF support or undertaken the exercise with their own resources, 5 countries have concluded the exercise and the rest are at different stages of the process. The Secretariat will provide a new update at the Council meeting in the spring of 2012 as it is expected that all NPFEs will be finalized by the end of 2011.

Annex I - Summary of NPFE Activity

Category	Africa	Asia	Latin America	Caribbean and Pacific	Europe / CIS	TOTAL
Number of applications received	26	4	1	9	1	41
Number of countries whose documents were sent out	13	1	0	1	0	15
Number of countries that returned countersigned documents	4	0	0	0	0	4
Number of countries that have received the NPFE disbursement	0	2	0	1	1	4
NPFEs with GEF support completed	0	1	0	0	0	1
Number of countries that withdrew the NPFE application	1	0	0	1	0	2
Countries that decided to proceed with a programming exercise without GEF support	0	1	2	1	0	4

Annex II: Status of NPFE by Country

ASIA

Thailand

The documents were countersigned on January 27th, 2011 and the grant was transferred on March 17th, 2011. Thailand's OFP held a large consultation workshop on April 20th in Bangkok to launch the preparation of the National Portfolio Formulation Document (NPFDF). It is expected that the NPFDF will be finalized within 2 months.

Cambodia

The documents were countersigned on February 16th, 2011. Reception of the no objection from the Ministry of Finance with regards to the signature of the legal documents by the GEF OFP delayed the transmittal of the countersigned documents that were received on March 25, 2011. The funds were disbursed on April 15th.

Sri Lanka

Sri Lanka's NPFE application was reviewed and cleared by the GEF Secretariat on January 20th, 2011. Final clearance from the legal department was received on April 18th, and the final documents were sent out by the World Bank pouch on April 26th.

Pakistan

A programming exercise with similar purposes as those for a NPFE was done without GEF funding support. The final document has not been received yet by the GEF Secretariat.

India

A programming exercise with similar purposes as those for a NPFE was done without GEF funding support. The final document was received by the GEF Secretariat.

Vietnam

Vietnam decided to proceed with its NPFE with its own resources and will receive a refund from GEF once the document is delivered.

EUROPE / CIS

Armenia

The documents were countersigned on February 16th, 2011. However, the application for withdrawal was received on March 24th, 2011. The funds were disbursed on April 5th.

LATIN AMERICA

Mexico

The first application was sent by the country on February 17th, 2011. The application was cleared by the GEF Secretariat on April 18th, 2011 and has been sent out for the Financial Management assessment.

Chile

A programming exercise with similar purposes as those for a NPFE was done without GEF funding support. The document was submitted to the GEF Secretariat and comments were returned to the country.

Uruguay

A programming exercise with similar purposes as those for a NPFE was done without GEF funding support. The document has not been received yet by the GEF Secretariat.

AFRICA

Mali

The documents were countersigned on 31st January 2011 and the original sent back to the GEF Secretariat in March, without the Withdrawal Application. The missing documents are expected to arrive soon.

Gambia

The signed Grant Agreement was sent to the country on January 12th, 2011. The Grant Agreement was received in February, and the Withdrawal Application and the Specimen signature form were received on March 24th. The lawyers requested that the country resend the Specimen signature letter. This document has been received and was sent to the lawyers on April 12th.

Niger

The signed Grant Agreement was sent to the country on January 13th, 2011. The countersigned GA was sent back without the Specimen signature letter or the Withdrawal Application. To date we are following up on these two documents.

Mauritania

The signed Grant Agreement was sent to the country on March 1st, 2011. The countersigned Grant Agreement, Withdrawal Application and Specimen signature documents were received back in the office on March 24 and sent to LEGAL. All documents are now with Disbursement and we expect funds to be disbursed in the next week. Disbursement sent an email indicating that the Trust Fund has been activated.

Burkina Faso

The signed Grant Agreement and Disbursement Letters were sent to the country on November 30th, 2011. The documents have not been received until now. Follow up has been made but to date no further information is available.

Benin

The signed Grant Agreement and Disbursement letters were sent to the Country on March 1, 2011. The countersigned documents are being sent to us by pouch through the World Bank office.

Tanzania

The signed Grant Agreement and Disbursement letters were sent to the country on March 1st, 2011. The signed Grant Agreement, Specimen signatures and withdrawal application have been received on March 30th and the Child Trust Fund has been activated. Funds should be sent out this week.

Democratic Republic of Congo

The Grant Agreement and Disbursement letter were sent out on January 6th, 2011. There were delays due to translation requirements. On March 25th we received communication that a request has gone from the Minister of Environment to the Minister of Finance for urgent follow up regarding the grant agreement.

Nigeria

The Grant Agreement and Disbursement letter were sent out on January 13th. Signed Documents were received on April 4th and the Child Trust Fund has been activated and GEF funding support should be sent out this week.

Togo

The Grant Agreement and Disbursement letter were sent out to the country on March 2nd, 2011. Incomplete documents were sent back on April 1st with a request sent back for the correct documents to be sent.

Guinea Bissau

The Grant Agreement and Disbursement letter were sent to the country on March 25th by the World Bank office pouch.

Ghana

The Grant Agreement and Disbursement letters had been suspended due to non-payment of loans balance. On March 15th, we were informed that balances were paid and the process can proceed. The Documents are with LOA and TACT for clearance on April 15th.

Cameroon

The Grant Agreement and Disbursement letter were cleared by LEGAL and sent to the country office on April 15th 2011.

Congo Republic

The Grant Agreement and Disbursement Letter have been sent to LOA and TACT for clearance on April 11th 2011

Senegal

The Grant Agreement and Disbursement letter for Senegal have been signed by the CEO and sent out by pouch to the World Bank country office. The documents have been received by the OFP.

Liberia

The NPFE application was sent to the WB Financial management Staff on March 3rd who conducted the Financial Management Assessment on March 17th, and we are now waiting for the Audit waiver.

Rwanda

The NPFE application was completed and sent for Financial Management assessment on March 8th, 2011. The Financial Management Specialist was completed and sent for audit waiver on April 13th.

Mozambique

The final NPFE application was received on March 24th, 2011. On April 14th it was sent for Financial Management clearance.

Chad

The NPFE application was sent for Financial Management assessment on January 20th, 2011. The Financial Management Specialist has been travelling and has finally managed to have a teleconference with the OFP on Monday April 18th.

Ethiopia

The Grant Agreement and Disbursement letters were not cleared by LOA since Ethiopia has an outstanding balance on a previous World Bank loan. Follow up is being done with the TTL for that project to resolve the issue.

Swaziland

Swaziland sent in their NPE application by post on February 23rd. Feedback was sent on February 24th, 2011. A reminder was sent on March 4th, 2011. There has been no communication from the OFP.

Kenya

The Grant Agreement and Disbursement letters were not cleared by LOA since Kenya has an outstanding balance on a previous World Bank loan. Follow up is being done with the TTL for that project to resolve the issue.

Guinea

The Grant Agreement and Disbursement letters were not cleared by LOA since Guinea has been suspended by the World Bank due to non-payment of loans.

Cote D'Ivoire

Cote D'Ivoire submitted NPFE documents after the last Council meeting held in November 2010. Subsequently their proposed national Institution was rejected by the Financial Management Specialist. Since then the country has been through a difficult political situation and no feedback has been received from the OFP.

Morocco

The first application was sent by the country on February 17th, 2011. On April the 8th, the country decided to withdraw the application.

CARIBBEAN / PACIFIC

Bahamas

The Grant Agreement and Disbursement letter were signed in December 2010. The country is currently in the process of preparing the NPF.

Antigua and Barbuda

A NPFE application was submitted to the GEF Secretariat on March 22nd, 2011. The GEF Secretariat has asked for amendments to be made to the budget.

St. Lucia

On April 14th the NPFE application has been forwarded for review of the financial management information.

Belize

Belize decided to proceed with a programming exercise without GEF resources.

Suriname

Suriname decided to proceed with a programming exercise without GEF resources and submitted the document to the GEF Secretariat on February 22nd, 2011.

Philippines

The documents were countersigned on March 8th, 2011 and are expected to be received in the forthcoming days. Nevertheless, the Philippines has already initiated the preparation of the activities and is expected to finalize the NPF soon

Tuvalu

An application was received from Tuvalu on February 24th, 2011. The GEF Secretariat has asked for additional details on the budget.

Kiribati

An updated application was received on March 31st, 2011 and further clarifications on the budget have been requested from the GEF Secretariat.

Niue

An application was received from Niue on March 29th, 2011. The GEF Secretariat has asked for further clarifications on the budget.

Federated States of Micronesia

An NPFE application has been received on March 23rd, 2011. The GEF secretariat has asked for amendments to the budget.

Annex III: Processing steps for the national portfolio formulation exercises (NPFEs)

(Updated as of 3/22/2011)

A. Pre-project Steps that set stage to start the direct access	Days
1. The GEF Secretariat (GEFSEC) consulted the World Bank’s legal (LEGAL), procurement, safeguards and loan departments regarding the processing of NPFE grants, which the GEF CEO has delegated authority to sign on behalf of the Bank, and to which all relevant Bank policies and procedures apply.	Between 5 and 6 weeks (these five steps are a one-time deal for all projects and need not repeat for each project).
2. As a result of this consultation, a model NPFE letter agreement, a model disbursement letter (DL) and a model transmittal letter (TL) were developed. ¹ Our experience so far shows that despite following these model forms of agreements, as we go into actual practice, new rules surface; we then will have to revisit these model forms and agree on new models.	
3. Setting up of Trust Fund accounts: one has to differentiate the different levels of Trust Fund accounts: a) GEF Trust Fund (TF029840); b) NPFE Main Trust Fund (TF071555); c) PassThrough Window (TF081438); and, d) NPFE Child Trust Fund. Each of the four trust fund accounts has a role to play in the approval and clearance process.	
4. The GEFSEC program managers who will act as Task Team Leader (TTLs) will have to get Trust Fund accreditation through an online trust fund course in order to be able to access various portals in the SAP for the processing of the NPFEs.	
5. A dedicated email account (gefnpfe@thegef.org) for the purpose of receiving NPFE proposals from Operational Focal Points (OFPs) was created within the GEFSEC.	
B. Project Preparation	Days
6. At the request of the Operational Focal Point (OFP), indicating his/her interest in undertaking an NPFE, the NPFE team sends the application package to the OFP. The application package includes the letter to the OFP, providing the summary of the NPFE exercises (see Annex A), NPFE proposal template, instruction for filling the forms, and the simplified financial management assessment (FMA) template. In the meantime, the NPFE team engages in consultation with the country to provide further clarifications on the application.	1 – 2 day(s)
7. The NPFE team notifies the Country Director of the World Bank Management Unit (CMU) about the NPFE project in the country and obtains the name of the staff member in the country office to serve as a contact person for all future transactions/activities (such as liaison with government). A letter template was prepared in consultation with	1– 3 days

¹ Pre-arranged clearances from Safeguard and Procurement were agreed and reflected in the two model legal documents.

LEGAL, addressed to the Bank’s Country Director in the country where the NPFE proposal is submitted. This letter can be used for writing to all Country Directors where there is an NPFE proposal application (see Annex B).	
8. Upon receipt of application, the NPFE program manager (or ask TTL in Bank’s terms) reviews the proposal, ensures that the budget and proposed activities are in line with the objectives of the NPFE and, as necessary, discusses with the OFP possible revisions to the budget or seeks any needed clarification.	4-6 weeks
9. When the proposal and budget are considered acceptable, the TTL transmits the application package to the Financial Management Specialist (FMS) to review the FM Questionnaire and complete a Financial Management Assessment (FMA).	1 day
10. FMS will contact the identified FMS for the country, or contact other FMS in the Bank and most likely liaise with the identified country FMS in the Bank’s country office to process and review the financial management information of the executing agency which is the subject of the FMA. ²	3-6 weeks
11. Simultaneously, the PM/TTL should do the following: a) Within the GEFSEC , load the relevant information into the PMIS to obtain a PMIS ID number for each NPFE. TTL should send the PMIS ID number to the GEF Trustee (or do this in step #17) so that Trustee can transfer the fund from the GEF Trust Fund to the NPFE main Trust Fund (TF071555). NPFE team should continue updating the information in the PMIS for various milestone dates throughout the NPFE approval process. b) Via SAP , prepare the <i>Activity Initiation Summary</i> (AIS) to obtain a project ID number, and the <i>Grant Funding Request</i> (GFR) to obtain the GFR number. Both AIS and GFR have to be sent, approved and released by the appropriate staff within the GEFSEC with proper profile in the SAP. Otherwise, it will not work. ³	2-4 weeks

² Clearance of FMA is one of the most challenging processes in the preparation of the NPFE. The executing agency proposed by the country has to meet stringent financial management criteria and submit their latest audit reports. FMS has to ensure that the agency is capable of managing the financial transactions, procurement, hiring of consultants, disbursing funds, etc following all of the Bank’s procurement and operations procedures in undertaking the NPFE.

³ Consult Julienne for proper profile (see reference at the end of the steps on page 6).

<p>In completing the AIS and GFR, the TTL has to ensure all information in the template is complete which includes identifying key project team members:</p> <ul style="list-style-type: none"> a) Procurement specialist b) Financial Management specialist c) Lawyer for the project <p>Before including the above names, the TTL should contact these staff members to inform them about including them in the particular NPFE project as each of them has a role to play in the project. Any missing information in the AIS or GFR, while not preventing one from approving or releasing the form, will hinder disbursement at a later stage. CTRDM will not affect disbursement if information is missing.</p>	2 - 4 weeks
<p>C. Clearances and Approvals</p>	Days
<p>12. When the FMS is satisfied with the financial management information provided by the Executing Agency, he/she forwards his/her assessment to the FMS at the Bank's Operations Policy and Country Services Financial Management (OPCFM) (in HQs) to get FM clearance.</p>	2-3 days
<p>13. Upon receiving FM clearance, the TTL prepares the Letter Agreement (LOA) and DL, following the model templates that the GEFSEC, LEGAL and LOA-TF have pre-agreed (step #2 above). Nothing should be changed on this template; the only information to provide in the templates includes country name, recipient official's address, amount of the grant as well as missing information in the DL including the name of the financial institution to receive the grant amount, the preferred currency of the country and the type of designated account, either pooled or segregated account.⁴</p>	2 days
<p>14. 1st Bank Clearance Request (from TACT and LOA): Once the draft LA and DL are completed, the TTL sends them to TACT (Trust Fund Accounting) and LOA-TF (Loan Department) for clearance (service standard: 5 business days). Copies must be sent to GEF Trustee, OPCFM and filed in IRIS. The email to LOA and TACT must include the following information:</p> <ul style="list-style-type: none"> a) Project number; b) Child Trust Fund Number; c) GFR number; d) Text of the draft Letter (Grant) Agreement; e) Text of the draft Disbursement Letter; f) Simplified Financial Management Assessment; g) Approved project Proposal; h) Audit waiver, if applicable; 	5 days ⁵

⁴ <http://intresources.worldbank.org/LOANS/Resources/Disbursement09.pdf> – Refer to the Disbursement Handbook for further information.

⁵ All Bank clearances have a standard service period of 5 days. In practice, it usually takes less than 5 days.

<p>i) Confirmation of Bank Account details and j) Names of TTL, Lawyer and FMS.</p>	
<p>15. 2nd Bank Clearance Request (from LEGAL): Upon clearance by TACT and LOA-TF, TTL revises/updates as necessary and sends the final word version of the LA, DL and transmittal letter to the NPFE contact point in LEGAL (Yuan Tao). Simultaneously, TTL sends the TACT and LOA-TF clearances to GEF Trustee, together with the PMIS ID number (re. step #10). This last step will trigger Trustee to transfer funds from the GEF Trust Fund account to NPFE main trust fund account (TF071555).</p>	1-3 days
<p>16. LEGAL sends a PDF version of the LA, DL and transmittal letter to the NPFE team. The NPFE team makes two copies each of the LA and DL and one copy of the transmittal letter. GEF CEO signs the LAs, DLs and transmittal letter (This is the CEO approval date in the PMIS). The PM/TTL updates the GEFSEC PMIS accordingly. PM or PA should always file relevant documents in IRIS.</p>	2 days
<p>17. The NPFE team sends the following to the client via WB Country Office: (a) two signed copies of LA; (b) one signed copy of DL (keep the second copy for GEFSEC file); (c) transmittal letter (Annex C); and (d) an original Withdrawal Application. Simultaneously, the NPFE team sends an electronic copy of these signed documents as well as the Withdrawal Application to the OFP/client and the contact person in the WB Country Office, informing them that the signed originals are being sent via Bank pouch to the country office.</p>	1 day ⁶
<p>18. Upon receipt of pouch, the country office sends the two signed originals of the LA, the signed original of the DL and the Withdrawal Application to the OFP or the Ministry of Finance for counter-signature. The recipient has 30 days to countersign the LA. They should return the following to GEFSEC via the WB Country office, within 30 days: (a) countersigned LA (this is the date of Grant Signing in the PMIS); (b) authorized signature specimen; and (c) completed Withdrawal Application, if ready. The country office's contact person follows-up on the countersigned original documents and ensures all three items listed here are returned to the Country Office for pouching to GEFSEC.</p>	30 days or more ⁷
<p>D. On Receipt of Countersigned Original of the LA</p>	Days
<p>19. Upon receipt of the countersigned LA, the authorized signature specimen and the Withdrawal Application (WA), the NPFE team scans these and keeps a copy for GEFSEC's own internal record keeping; and sends a letter to the OFP acknowledging receipt of</p>	1-2 days

⁶ Depending on the pouch date, sometimes it takes more than a week to reach the country.

⁷ This is a huge bottleneck for two reasons: a) internal politics between OFP and MOF in the country; and b) WB country office may not be aware of the deviations in the NPFE process from normal Bank projects. Oftentimes, they apply similar procedures.

Countersigned letter agreement (see Annex D).	
20. TTL sends a scanned copy the following to LEGAL, LOA-TF, TACT AND CTRDM Trust Funds (copied to Jill Roberts) for action: (a) countersigned LA; (b) CEO signed DL, and (c) authorized signature specimen. All three items are sent to LEGAL for official record keeping. The original of WA will be sent to CTRDM in step #24 as CTRDM will process WA only after steps #21-23.	1-2 days
21. <u>Conformed legal document</u> : LEGAL reviews the countersigned LA and the CEO signed DL and verifies these against the original word file, and if everything is ok, sends a conformed copy of the LA to a standard distribution list, including Official Document Desk, TACT, LOA, TTL, GEF Trustee and GEFSEC.	
E. On Activation of Child Trust Fund Account and Disbursement	Days
22. <u>(a) 3rd Bank Request to activate Child Trust Fund (from TACT) and (b) 4th Bank Request to transfer fund (from Program Accountant)</u> : These two requests can be sent in one email addressed to TACT and Program Accountant in sequence. The conformed legal document has to be attached to this email. (a) TACT to activate the child trust fund account and requests (b) Program Accountant (PA) to transfer fund from the NPFE parent account (TF071555) to the child trust fund account.	5 days
23. Program Accountant will confirm allocation of funds to the child trust fund to TTL who will forward the confirmation to <u>LOA/CTRDM's Trust Fund Service Account (ctrdmf@worldbank.org)</u> .	5 days
24. <u>5th Bank Request to withdraw funds to Recipient bank account (from CTRDM)</u> : TTL scans the WA, keeps the scanned copy at GEFSEC, and sends the original WA to CTRDM. Simultaneously, TTL sends an email to the CTRDM Trust Fund Service account to alert them that the original WA is on its way to them via inter-office mail and request CTRDM to effect disbursement of funds to recipient bank account.	1-2 days
25. Within CTRDM, they review the completeness of information for the entire grant, including letter of agreement, disbursement letter, signature specimen, recipient country's bank name and account information, SWIFT information, etc. via the LOA folder: information from AIS and GFR. When they are happy with the information, ⁸ they will give green light by sending email to Treasury	5 days

⁸ This is why complete information should be included in the AIS and GFR since any missing information will delay CTRDM at this stage to transfer fund to client.

(Treasury Operations Banking (TROBK)) to effect actual payment of grant fund to the account of the recipient country. ⁹	
F. NPFE Implementation	Days
26. The Program Manager is responsible for monitoring the progress of the preparation of the National Portfolio Formulation Document (NPF) and assist the country as necessary in the preparation process and to ensure that the country submits the NPF on time as planned and meets the <u>project completion date</u> as outlined in the CEO transmittal letter sent together with the signed LA and DL.	Up to 3 months
G. Reporting	
27. PM/TTL is responsible for updating the GEFSEC PMIS to record key dates, such as CEO approval date, NPF completion date, etc.	1 day
28. PM/TTL is responsible for providing <u>quarterly reports</u> to the GEF Trustee on how much grant fund has been disbursed to a particular country for preparing the NPF, following specific template to be provided by the GEF Trustee.	
29. PM/TTL should ensure that country submits to LOA-TF the quarterly financial report (the template of which is Attachment IV of the Disbursement Letter: Interim Financial Management Report (IFR)). The report is to show and account for all funds used and provides evidence on payments made out of the grant fund, and the grant amount disbursed to date. PM/TTL provides assistance to the country as necessary to complete the IFR. ¹⁰	
H. Project Completion and Closing	
30. Upon completion of the project, <u>the recipient country</u> submits the following: a) final output of the project, i.e. the National Portfolio Formulation Document (NPF), b) Audited Report or financial report on ex-post review of expenses incurred in the project, including all funds used, how they were used and if all funds have been disbursed; the report has to be prepared by an auditor. ¹¹	
31. Upon receipt of the above, PM/TTL sends the NPF to the focal area teams for their review and programming guidance; sends the audit	

⁹ At this point, PM/TTL can log into the Client Connection website (<https://clientconnection.worldbank.org>) to see the status of funds for a particular NPFE and to monitor whether the funds have been disbursed to client, if not, contact CTRDM to find out the reason.

¹⁰ Note that the IFR should be submitted together with the Request for Withdrawal Application, even though no withdrawal is requested. The withdrawal application also serves as the reporting document that accompanies the IFR.

¹¹ For those countries that got audit exemption, the FMS should make arrangement with local FMS to undertake a review of all financial transactions, including funds paid to consultants, expenses incurred in the preparation of the report and examine all evidences (such as official receipts, etc) to ensure that the funds are used in accordance with the intended use of the grant and follows the disbursement policy of the World Bank.

report or other financial report to the local FMS for his/her review. Local FMS will also be responsible for inputting the information in the Bank's ARCS (Audit Report Compliance System) to complete the closing process.	
32. When the project fund has been disbursed, and the recipient country has submitted a final statement of accounts, LOA (CTRD) notifies the PM on the final status of disbursements, including the amounts disbursed for each category and the remaining balance, if any. ¹²	
33. Upon receipt of the notification of disbursement status and closing of the account from the Bank's Finance Officer, PM prepares a closing notification letter for CEO's signature with copy to the Bank's Country Management Unit (CMU). Lastly, PM completes the Letter of Representation which is done on an annual basis for each child trust fund. ¹³ (see Annex E)	

Profiles at each level of AIS/GFR submission and approval (Ms. Julienne A. Kouame would be able to advise and assist).

For each NPFE proposal we receive, we need to create an AIS (Activity Initiation Summary) and a GFR (Grant Funding Request). To create and submit/approve an AIS/ GFR, the following is the line of authority; each staff should have a proper profile:

- a) TTL/or any team member can create an AIS/GFR;
- b) TTL to submit the AIS/GFR (only TTL or whoever has the profile of a TTL in the SAP can submit an AIS/GFR);
- c) Line manager of the TTL to approve the AIS/GFR (line manager should have a manager profile);
- d) Trust Fund Program Manager to approve the transfer of funds from parent to child account.

¹² If there is a balance, i.e., not all funds were used, the balance will need to be refunded to the Bank before closing can take place.

¹³ Letter of Representation reference website:
<http://intranet.worldbank.org/WBSITE/INTRANET/UNITS/CTR/0,,contentMDK:22593921~menuPK:60000078~pagePK:64033605~piPK:64066631~theSitePK:264274,00.html> (TFLoR) Also see Annex E.

Annex A- Sample Letter to Operational Focal Point

M. XXXXXXXXXXXXX

Dear M. XXXXXXXXXXXX,

Re: Request for National Portfolio Formulation Exercise Grant

I refer to your request for support to carry out a national exercise to identify priority projects and programs in XXXXXXXXXXXX that will be submitted to the GEF during GEF- 5.

I am delighted that XXXXXXXXXXXX has decided to carry out this voluntary exercise and in principle I agree to provide a grant of up to USD\$30,000 to facilitate this task. I would like to remind you that this is a strategic exercise, which offers you the opportunity to ensure that the projects selected reflect national priorities.

In order to move forward, please send us the composition of your National Committee. Further, please complete the Grant Application form attached to this letter, including the Financial Assessment Form (**Annex 1 of Attached Grant Application Package document**). The financial assessment is for the Agency that will carry out the exercise.

Once the forms are returned, they will be reviewed and you may be contacted for more information if necessary. A Grant Agreement letter between the GEF Secretariat and your National Institution will then be sent out for your signature. A copy of this letter should be sent back to us and the funds will be disbursed to you.

Once the exercise is complete, you will submit to the GEF Secretariat a report which summarizes:

1. The preparatory process of your national portfolio;
2. A list and summary of priority projects and/or programmatic approaches, eligible under the GEF 5 focal areas and their estimated costs, and
3. An outline of how implementation of these projects will contribute to the fulfillment of obligations to the Conventions (CDB, UNCCD, UNFCCC).

Please note that your report will be shared with the Convention Secretariats for their information.

The GEF Country Officer Henry Salazar (hsalazar@thegef.org) will be available to work with you for any required guidance.

Sincerely,

Monique Barbut
CEO and Chairperson
Global Environment Facility

Annex B - Sample Letter to Country Directors

Mr. X, Country Director
World Bank Office in *City*
Country

Dear Mr. X,

I am writing to you from the Global Environment Facility (GEF) Secretariat and would like to let you know that the GEF is in the process of approving a request submitted by *Country* for a grant of no more than \$xx to enable the country to prepare the National Portfolio Formulation Exercise (NPFE). The final output for this exercise will be a National Portfolio Formulation Report which will outline the programming plans of the country for its GEF allocation in GEF-5.

The GEF Secretariat is an independent facility governed by a 32-member Council and is administratively supported by the World Bank. The proposed grant described above is a new initiative that the GEF Council approved at its last Council meeting in June 2010, whereby the GEF would, upon request, provide resources directly to the countries for this exercise. In order to do this, it was agreed that the grant will be processed under the World Bank simplified small grants policies and procedures, and the GEF CEO has been delegated the authority to sign the agreement with the countries by the World Bank president, Mr. Robert B. Zoellick (see Attachment 1).

We have been working closely with all Bank relevant departments, including legal, procurement, financial management, trust fund accounting and loan administration, to ensure adherence to Bank policies and procedures. We would be very appreciative of your support, especially your staff in the country office that can provide guidance and facilitate our communications with the government and the executing agencies.

For your information, the procedure is as follows: The GEF Operational Focal Point (OFP) in the Government submits a request for the funds indicating a budget and identifying the institution that will actually carry out the activity. They also provide answers to a simplified financial management questionnaire about the selected institution. The budget is then discussed and agreed. Following this the FMS here at GEF will liaise with FMS in your country office to review the questionnaire and in consultation with the OPCFM, completes the FM Assessment. Then the Letter Agreement and Disbursement Letter are prepared and sent to the Ministry of Finance and the GEF OFP through your office. Once the documents are signed they are returned to us through your office. Your office may be requested to help with providing assistance to client in the filling out of the Application for Withdrawal and, at the very end of the exercise, with the review of expenses.

We will keep you informed of the preparation progress of this initiative and final approval of the grant. I am attaching the Council paper on this initiative approved by the GEF Council for your information. In the meantime, please let me know if you would like to have any additional information regarding this initiative.

Best regards,
William Ehlers

Annex C - Transmittal Letter

ELECTRONIC MESSAGE ANNOUNCING EXECUTION COPIES

[Official of Ministry of Finance]

[GEF operational focal point]

Dear [Messrs/Mmes],

As a follow-up to my approval of a grant in the amount of \$ [amount of grant] for the preparation and completion of the GEF National Portfolio Formulation Document of [Country Name (the Recipient)], I am now pleased to let you know that I have already signed two originals of the letter agreement for this grant, for counter-signature by the Recipient's authorized representative. The PDF version of the letter agreement, and of the accompanying disbursement letter, are attached to this electronic message.

In the interest of time, and in light of the nature of the activities to be carried out under this grant, we have taken the liberty of identifying the GEF operational focal point as the Recipient's representative under paragraph 4.01 of the Annex to the letter agreement. However, as it is the Recipient who selects its representative (who has the authority to sign withdrawal applications and take all other action, on the Recipient's behalf, regarding this grant), you are obviously at liberty to make a different selection, in which case we will prepare new originals accordingly, and re-send them to you.

My signed originals have already been transmitted to the World Bank's office in your country, with a request that they be transmitted to the GEF operational focal point without delay. You will please decide who has authority to sign the letter agreement on the Recipient's behalf, and this authorized representative will please counter-sign and date both originals, keep one for your records, and return one counter-signed original to us. The Recipient's representative under paragraph 4.01 (namely the GEF operational focal point if the current designation is maintained), whether or not also the official counter-signing the letter agreement, will sign a letter in the form of attachment II to the disbursement letter, which the specimen signature(s) of the official(s) authorized to take action as specified in attachment II.

Should you decide to do so, you may also include your application for withdrawal when you return to us the counter-signed original of the letter agreement and the letter in the form of attachment II to the disbursement letter.

Should you have any question regarding the foregoing, please do not hesitate to contact us.

Finally, it is my expectation that you will forward to the GEF Secretariat your completed GEF National Portfolio Formulation Document no later than [date of completion of NPFE].

Sincerely,

Monique Barbut
CEO/Chairperson, GEF

Annex D - Letter Acknowledging Receipt of Countersigned Letter Agreement

[Official of Ministry of Finance]

[GEF operational focal point]

Dear [Messrs/Mmes],

Excellencies,

We are glad to confirm that we have received the duly counter-signed original of the letter agreement, the letter in the form of attachment II to the disbursement letter, and your application for withdrawal.

Unless we hear from you otherwise within three (3) working days from the day of this message, we will proceed with disbursement.

Sincerely,

Monique Barbut
CEO/Chairperson, GEF

Annex E - Annual Trust Fund Letter of Representation Exercise (TFLoR) – FY10

Sponsor: Office of the VP & Controller (CTRVP)

The FY10 Trust Fund Letter of Representation (TFLoR) exercise begins on or around June 4, 2010. It is conducted to support management's annual assertions regarding effectiveness of internal controls over Trust Funds financial reporting.

- CTR Trust Funds (CTRTF) will issue requests for trust fund LoRs to trust fund task team leaders (TTLs) and coordinate this exercise with VPU TF Coordinators
- The reporting period for the exercise is July 1, 2009 to May 31, 2010. However, TTLs should immediately inform CTRTF of any event between May 31, 2010 and September 14, 2010 (The Combined Financial Statement date) that would result in a change in their representation
- TTLs can access the TF LoR web-based tool by typing <http://lor>
- Resources:
 - o Access the web-based tool at <http://lor>
 - o Read the FAQs and about the “**single audit**”
 - o For questions, send an E-mail to LORhelpdesk@worldbank.org
 - o Generate LOR monitoring reports from SAP

TTLs must sign all TF LoRs by c.o.b., June 30th, 2011.

Notes:

- It is essential to adhere to this above deadline to ensure that reported control issues are reflected in the LoRs obtained from the VPs and CAOs/PCs in connection with the preparation of the audit of the financial statements of IBRD, IDA and Trust Funds
- LoRs are subject to audit by the external auditors; therefore, please ensure the accuracy of all responses

Thank you for your continued support and help in completing this important task.

Info: Lynnette Kieti (ext 80811) or Deepa Krishnamurthy (ext 5700-3102)

For Information: Lynnette Nzula Kieti; Deepa Krishnamurthy

January 2010

DESIGNATION OF SIGNATURE AUTHORITY FOR CERTAIN INSTRUMENTS PERTAINING TO GRANTS FROM THE GLOBAL ENVIRONMENT FACILITY

1. Pursuant to Resolution No. 91-19 of the Executive Directors of the Bank, the person holding the position of the Chairperson and Chief Executive Officer of the Global Environment Facility (the "GEF") is hereby designated to sign on behalf of the Bank the following instruments, provided that the conditions set forth in Section 2 are fulfilled:
 - (a) Grant agreements, supplements and amendments thereto, and consents, approvals, notices, demands and waivers in respect thereto, in connection with the provision of grants from the GEF to recipient countries to finance the preparation of voluntary portfolio identification documents for the utilization of GEF funding programmed for such countries.
 - (b) Grant agreements, supplements and amendments thereto, and consents, approvals, notices, demands and waivers in respect thereto, in connection with the provision of grants from the GEF to recipient countries to finance the preparation of (i) national communications/national reports to be submitted by such countries to the Conferences of the Parties pursuant to Article 26 of the Convention on Biological Diversity, Article 26 of the United Nations Convention to Combat Desertification and Article 12 of the United Nations Framework Convention on Climate Change, (ii) national implementation plans to be submitted by such countries under Article 7 of the Stockholm Convention on Persistent Organic Pollutants and (iii) national communications/national reports/national implementation plans to be submitted by such countries pursuant to protocols to the aforementioned conventions.
2. The designation in Section 1 applies only to those instruments where:
 - (a) the grants are made in accordance with the applicable policies and procedures of the Bank;
 - (b) the instruments are in the form agreed by the Chairperson and Chief Executive Officer of the GEF and the Senior Vice President and General Counsel and the Vice President for Concessional Finance and Global Partnerships of the Bank; and
 - (c) the GEF Council has agreed that the Bank shall not have any liability to the GEF under such instruments or for the actions of staff assigned to the GEF with respect to such instruments, and that the Bank shall be indemnified out of the GEF trust fund for any liability toward third parties, and costs and expenses related to any such liability or claims of liability with respect to such instruments.
3. Any person designated to act in an official capacity for the official designated in Section 1 above in his or her absence is hereby designated to sign, while acting in such capacity, the instruments which said official is designated to sign pursuant to Section 1 above.

This Designation is effective from the date on which the GEF Council authorizes the

Chairperson and Chief Executive Officer of the GEF to provide the grants described in Section 1 above.

GEF NATIONAL PORTFOLIO FORMULATION EXERCISE (NPFE)

1. All recipient countries will have access to GEF resources, up to \$30,000, to undertake, on a voluntary basis, GEF National Portfolio Formulation Exercises. These will serve as a priority setting tool for countries and as a guide for GEF Agencies as they assist recipient countries. Undertaking a NPFE is not a requirement or pre-requisite for requesting GEF grants.
2. To request support for this exercise, countries will use the template below to submit a proposal that includes a detailed description of the activities that will be carried out to produce the National Portfolio Formulation Document (NPF), as well as their expected cost.
3. These exercises might be organized by national steering committees,¹⁴ coordinated by the GEF operational focal point, and linked with other planning processes in the country, including any planning processes of GEF Agencies. As the NPFE is to be carried out under direct access approach, countries should select the national entity that has the experience and competence to develop such an exercise. The financial management questionnaire attached to the template applies to this institution.
4. Principles of transparency and inclusiveness of national stakeholders, including civil society and community based organizations, will be encouraged in the exercises.
5. The GEF Operational Focal Point is responsible for submitting the application template duly filled. This will be considered as an endorsement for this activity.
6. The expected **Output** would be a document that identifies and describes a country's strategic priorities under each of the GEF focal areas plus an indicative list of project concepts that could be developed to achieve the objectives. Once the exercise is complete, the country will submit to the GEF Secretariat a report, following the suggested contents that are in Annex 2.
7. Submit the application in word format and in English language.
8. At the completion of the exercise, the country should submit an Audited Financial Report on how the money was spent.

Please submit the proposal to the following GEF Secretariat account: gefnpfe@thegef.org

¹⁴ This committee could be chaired by the country's GEF Operational Focal Point, and include, inter-alia, the ministries of environment, agriculture, industry, energy, planning and finance, convention focal points, GEF Agencies, the SGP national coordinator, as well as representative of civil society and community based organizations and the private sector. The composition may be adjusted to take into account each country's circumstances.



GRANT APPLICATION FOR NATIONAL PORTFOLIO FORMULATION EXERCISE (NPFE)

PART I: PROJECT IDENTIFIERS:

Submission Date (mm/dd/yyyy):
 GEF Project ID:
 GEF Grant TF No.:
 Country:
 Project Title: GEF National Portfolio Formulation Document
 Project Type: Enabling Activity

Expected Milestone	Dates (mm/dd/yyyy)
Start Date	
End Date	
Submission Date of NPFD Report to GEF	

PART II: PROJECT INFORMATION AND BUDGET:

Project Objectives: To enable the country to conduct a broad consultation process, including government ministries and other stakeholders such as civil society and community based organizations involved in national GEF policy and programming, to set priorities for GEF resource programming covering the 5th replenishment period.

Planned Project Activities and Grant Request

Planned Project Activities, itemized		Amount (\$)
Category	Description	
(Select)		
(Select)		
(Select)		
(Select)		
(Select)		
(Select)		
(Select)		
(Select)		
(Select)		
(Select)		
Total GEF Financing		0

PART III: INFORMATION ON THE NATIONAL EXECUTING AGENCY:

Name:
 Type: (Select)
 Address, line 1:
 line 2:
 City: Postal Code:
 State/ Province:
 Phone No.:
 Fax No:

PART IV: ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT

Last name: First name:

Title/Position:

Ministry:

Office Address, line 1:

line 2:

City: Postal Code:

State/ Province:

Telephone No.:

Fax No.:

Email Address:

Please submit the proposal to the following GEF Secretariat account: gefnpfe@thegef.org

INSTRUCTIONS FOR FILLING OUT THE GRANT APPLICATION FOR NATIONAL PORTFOLIO FORMULATION EXERCISE (NPFE)

PART I: PROJECT IDENTIFIERS

Submission Date: The date of first submission.

GEF Project ID: GEF provides this number. For subsequent resubmissions, please enter this number in the grant application.

GEF Grant TF No: GEF provides this number. This is the number of the Trust Fund assigned to this particular grant application.

Country: Name of Country

Project Title: The standard project name is “GEF National Portfolio Formulation Document” (NPFDF)

Project Type: This project is considered as an enabling activity.

PART II: PROJECT INFORMATION AND BUDGET

Project Objectives: This field is already pre-filled as all NPFDFs have the same objective.

Planned Project Activities, itemized: Identify what specific activities this exercise will undertake to achieve expected outcomes. Provide detailed and itemized cost estimates for each activity. Suggested activities that can be covered by the grant are:

- a) Local consultations, national hearings, and or/workshops to discuss specific project and/or program concepts, including translation into local language, where appropriate, and the preparation of background papers that could facilitate discussion¹⁵;
- b) Travel cost for local experts for consultations and discussions;
- c) Consultancies to develop the program and/or project options, including the country report¹⁶

Ineligible expenditure items include salaries for regular staff; capital goods other than those directly required for report preparation, such as computers and equipment; and civil works.

Amount: The amount of GEF funding requested.

Categories: in the first column select one of the categories from the drop down list. In the second column provide details as appropriate (see categories below):

- a) Consultants: differentiate between local and international consultants; what is the daily rate; how many days; purpose of the consultancy.
- b) Travel: cost of tickets indicating from where to where; number of days; number of people; daily per diem; daily cost of the hotel (note: please take in to account that if meals and hotel are already covered, not to pay them again in the per diem).
- c) Meetings: cost of the meeting room (including rental of audiovisual equipment); coffee breaks; meals (if not covered in the per diem).
- d) Materials: photocopies; stationary.
- e) Miscellaneous: provide details. The sum of all miscellaneous categories cannot exceed US\$500 dollars.

¹⁵ Please see Annex 3 for guidelines regarding procurement.

¹⁶ Please see Annex 3 for guidelines regarding procurement.

PART III: INFORMATION ON NATIONAL EXECUTING AGENCY

Name and Information on the National Executing Agency should include the name, address, telephone / fax. Annex 1 is a required *Financial Management Assessment Report*, Section A needs to be filled in by the recipient agency and submitted with the Grant Application.

Expected Milestone Dates

Start Date: The expected date for the start of the activities indicated in Part II.

End Date: The expected date of completion, i.e. a final National Portfolio Formulation Document (NPDF). Usually within six months from start date.

Submission Date of NPDF: The expected date when the OFP submits the NPDF to the GEF Secretariat.

Annex 1 Section A: Please respond to these questions diligently and as completely as possible. Attach relevant documents to support your response. This section is a very important factor in the GEF's decision to approve the grant. Sections B and C will be filled by a Financial Management Specialist of the GEF in consultation with the World Bank's FM Board and the relevant country office. The financial management assessment will be based on your responses to Section A.

Please submit the proposal to the following GEF Secretariat account: gefnpfe@thegef.org

Annex 1 - Simplified Financial Management Assessment Report

Data Sheet and Risk Assessment Template

Grant Recipient's Name:

Grant No.

A. Information to be provided by the recipient	
1. Name and contact information of the recipient organization(s)	
2. Year of registration and years of operations	
3. Experience with World Bank operations, e.g., receipt of previous grants.	
4. Amount of the proposed grant (US Dollars)	
5. Are there sub-grants for the operation? What are the amounts involved for sub-grants?	
6. Information about financial management (FM) arrangements for the operation:	
<ul style="list-style-type: none"> Does the recipient organization have a FM or Operating Manual that describes the internal control system and FM operational procedures? 	
<ul style="list-style-type: none"> What accounting system is used, including whether it is a computerized accounting system or a manual accounting system? 	
<ul style="list-style-type: none"> What is the staffing arrangement of the organization in accounting, auditing, and reporting? Does the implementing entity have a qualified accountant on its staff? 	
<ul style="list-style-type: none"> Disbursement Arrangement 	
<ul style="list-style-type: none"> Does the implementing entity have in place basic arrangements able to support flow of funds, and timely accountability of funds? 	
<ul style="list-style-type: none"> Does the implementing entity keep adequate records of financial transactions, including funds 	

received and paid, and of the balances of funds held?			
<ul style="list-style-type: none"> How often does the implementing entity produce interim financial reports? 			
<ul style="list-style-type: none"> Are the annual financial statements audited by an external audit firm? 			
B. Risk Rating Summary and Mitigation Measures (to be completed by the GEF/World Bank)			
Use the following table for FM risk assessment:			
Risks	Ri□k Rating	Risk Mitigating Measures	Residual Risk
Inherent Ri□□			
<ul style="list-style-type: none"> Country Level 			
<ul style="list-style-type: none"> Entity Level 			
<ul style="list-style-type: none"> Grant Level 			
Overall Inherent Risk			
Control Risk			
<ul style="list-style-type: none"> Budgeting 			
<ul style="list-style-type: none"> Accounting 			
<ul style="list-style-type: none"> Internal Control 			
<ul style="list-style-type: none"> Funds Flow 			
<ul style="list-style-type: none"> Financial 			
<ul style="list-style-type: none"> Auditing 			
Ove□□ll Control Risk			
Overall FM Risk			
Strengths:			
Weaknesses:			
Conclusions and Action Plan.			
C. FM Arrangements and Conclusion by the FM Specialist			
Briefly indicate:			
<ul style="list-style-type: none"> <i>the FM arrangements, including the capacity of the recipient for managing the grant; include requirements for audit, disbursements and fund flow arrangements (for the disbursement letter), and any FM legal covenants required to be included in the grant agreement:</i> 			
<ul style="list-style-type: none"> <i>the FM supervision strategy based on the FM risks for the grant.</i> 			

- *The assessment of whether the FM arrangements meet the minimum requirements of OP10.02.*

INSTRUCTIONS FOR FILLING OUT THE SIMPLIFIED FINANCIAL MANAGEMENT
ASSESSMENT REPORT DATA SHEET AND RISK ASSESSMENT

Grant Recipient's Name: Name of the Local/National Institution implementing the project.

Grant No.: (To be provided by GEFSEC.)

A. INFORMATION TO BE PROVIDED BY THE RECIPIENT

- 1. Name and contact information of the recipient organization(s).** Provide a description of the implementing entity and any unique features that impact the financial management issues.
- 2. Year of registration and years of operations.** Please attach statute and proof of registration.
- 3. Experience with World Bank operations, e.g., receipt of previous grants.** Please state the name of the WB grant, years and grant amount, and provide the following: a) completed grants, b) Has there been an implementation completion memo?, c) What are the main conclusions with regard to achievement of objectives and use of funds?, d) grants not Completed, e) Most recent FM performance rating?, f) FM implementation issues?
- 4. Amount of the proposed grant (US Dollars).** Exact Amount in US dollars.
- 5. Are there sub-grants for the operation?** What are the amounts involved for sub-grants?
- 6. INFORMATION ABOUT FINANCIAL MANAGEMENT (FM) ARRANGEMENTS FOR THE OPERATION:**
 - **Does the recipient organization have a FM or Operating Manual that describes the internal control system and FM operational procedures?** If yes, please attach a copy.
 - **What accounting system is used, including whether it is a computerized accounting system or a manual accounting system?** Please provide brief description of the accounting system and its various modules.
 - **What is the staffing arrangement of the organization in accounting, auditing, and reporting?** Does the implementing entity have a qualified accountant on its staff? State the overall FM staffing arrangements including segregation of duties, oversight arrangements, FM staff qualifications and experience.
 - **Disbursement Arrangement.** Disbursement methods (advance, reimbursement, direct payment, special commitments) and supporting documentation requirements; SOE limits, if applicable; and Designated Account – Ceiling, timing of documentation submission.

- **Does the implementing entity have in place basic arrangements able to support flow of funds, and timely accountability of funds?** For example, a bank account opened in a reputable commercial bank. Also include the funds flow diagram for the grant.
- **Does the implementing entity keep adequate records of financial transactions, including funds received and paid, and of the balances of funds held?** For example, up-to-date cash book, bank statements, and bank reconciliation statements.
- **How often does the implementing entity produce interim financial reports?** If yes, please describe the kind of information is included in the financial reports and attach sample copies of recent reports.
- **Are the annual financial statements audited by an external audit firm?** If yes, please attach a copy of each of the two most recent audited financial statements, including the Audit Opinions and Management Letters from the auditors for the same periods.

B. RISK RATING SUMMARY AND MITIGATION MEASURES (TO BE COMPLETED BY THE GEF/WORLD BANK)

FM risk assessment table. Fill up the table provided by indicating the levels of risk and their associated risk mitigating measures. Provide judgment on both the overall control risk and FM risk.

Strength. Identify the key strengths that provide a basis for reliance on the recipients' financial management system.

Weaknesses. Identify critical FM weaknesses, if any, and the related mitigation measures and agreed action plan.

Conclusions and Action Plan. Conclusions from this section, to the extent that they identify capacity constraints, should be reflected in an agreed action plan, if needed.

C. FM ARRANGEMENTS AND CONCLUSION BY THE FM SPECIALIST

- The FM arrangements, including the capacity of the recipient for managing the grant; include requirements for audit, disbursements and fund flow arrangements (for the disbursement letter), and any FM legal covenants required to be included in the grant agreement
- The FM supervision strategy based on the FM risks for the grant.
- The assessment of whether the FM arrangements meet the minimum requirements of OP10.02.

Annex 2 - Suggested Contents of an National Portfolio Formulation Document (NPFDD)

The Secretariat suggests that each country's NPFDD could contain the following. Countries will have flexibility in terms of how this information is presented. For example, sections (c) and (d) could be covered in one section. It is recommended that an NPFDD be about five pages, but generally no longer than **ten** pages.

a) Description of the National Steering Committee.

The country should describe the national steering committee, or similar body/ process that drafted or facilitated the drafting of the NPFDD. This would include the following:

- Members of the national steering committee, including names and affiliation/organization.
- Number of times, and preferably dates, of meetings.

b) Description of broader consultations

The Report would also include a description of consultations that the operational focal point or the national steering committee held beyond those held with members of the steering committee, or similar process.

- Consultations with GEF Agencies;
- Public consultations held as part of the NPFDD process.

c) Brief description of country's global environmental challenges in different sectors.

Drawing on previously drafted national or regional strategies, plans, and other documents, including those under the conventions (e.g. National Biodiversity Strategies and Action Plans, UNFCCC National Communications, Stockholm Convention National Implementation Plans) or those of GEF Agencies (e.g. World Bank country assistance strategies, etc.), this section would discuss the priority global environmental issues that the country is confronting. In particular, this section should focus on issues within the three focal areas included in the STAR:

- climate change (mitigation);
- biodiversity; and
- land degradation, primarily desertification and deforestation.

In addition countries could also briefly discuss priorities in other Focal Areas and themes funded by the GEF

- persistent organic pollutants (as outlined in the country's NIP);
- capacity development (as outlined in the country's NCSA);
- international waters;
- ozone depleting substances (if relevant);
- sound chemicals management; and
- climate change adaptation (e.g. under LDCF/SCCF)

d) STAR Allocation and Priority Projects.

The NPDF should clearly note the level of indicative STAR allocation for the country for each of the three focal areas under the STAR. It should also note whether:

- The country qualifies for complete flexibility in using funds across focal areas (e.g. under the agreed threshold); or
- The country qualifies for the scheme of limited flexibility. (Please refer to Council document GEF/C.38/9 (*GEF-5 Operational Procedures for the System for Transparent Allocation of Resources (STAR)*)).

The report should also contain a clear list of priority projects and/or programmatic approaches, eligible under the GEF-5 focal area strategies, for which the country intends to seek support in GEF-5. This should include indicative amounts for each project.

- The Report can also list preferred GEF Agencies that the country intends to approach for assistance with project preparation and implementation.
- Priority projects under the theme of sustainable forest management/REDD+ would also be listed here.

e) Priority Projects in Focal Areas/Themes Outside the STAR

The Report can list priority projects, eligible under the GEF-5 focal area strategies, for which the country would seek support in focal areas/themes outside the STAR – international waters, POPs, ODS, sound chemicals management, and climate change adaptation under LDCF/SCCF. This could be linked to the discussion under item (c).

f) Priority Areas for Regional Collaboration

The document can also highlight pressing global and regional environmental problems on which regional and sub-regional level cooperation will be necessary to properly address. The document can indicate new or existing regional initiatives for which the country's government would favor GEF support.

g) An outline of how implementation of these projects will contribute to the fulfillment of obligations to the Conventions (CDB, UNCCD, UNFCCC)

Annex 3 - Procurement guidelines

(a) General. All consulting services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the World Bank in May 2004 and revised in October 2006 and May 2010 (“Consultant Guidelines”) (excluding paragraph 1.24 of Section I, Section II).

(b) Particular Methods of Procurement of Consultants’ Services. The following methods may be used for the procurement of consultants’ services for those assignments: (A) Selection based on Consultants’ Qualifications;¹⁷ (B) Single-source Selection;¹⁸ (C) Selection of Individual;¹⁹ and (D) Sole Source Procedures for the Selection of Individual Consultants.²⁰

(c) Review by the World Bank of Procurement Decisions. All contracts shall be subject to Post Review by the World Bank.

¹⁷ selection applies to firms only, not individual;

¹⁸ in case of a firm;

¹⁹ on the basis of comparison of at least 3 CVs of the qualified individuals, as per Guidelines, 5.1-5.3;

²⁰ in case of an individual consultant.