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December 20, 2018

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55<sup>th</sup> GEF Council Meeting  
December 18 – 20, 2018  
Washington, D.C.

Agenda Item 04

**POLICY MEASURES TO ENHANCE OPERATIONAL EFFICIENCY, ACCOUNTABILITY AND  
TRANSPARENCY**

**Recommended Council Decision**

The Council, having reviewed document GEF/C.55/04/Rev.01, *Policy Measures to Enhance Operational Efficiency, Accountability and Transparency*, approves the following:

- (a) An amendment to the Cancellation Policy (OP/PL/02, Council document GEF/C.48/04), as set out in Annex I;
- (b) An amendment to the Project and Program Cycle Policy (OP/PL/01, Council document GEF/C.50/08/Rev.01), as set out in Annex II; and
- (a) A one-time cancellation, with immediate effect, of any GEF funds approved for Programs on or before June 30, 2014 that (i) have not been committed towards the Program’s Child Projects, or (ii) have not been spent by the Program’s Child Projects and have been returned to the Program set-aside.

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## INTRODUCTION

1. The Council, at its 54<sup>th</sup> meeting in June 2018, endorsed the Policy Recommendations of the participants to the seventh replenishment of the GEF Trust Fund (GEF-7), including a request that “the Secretariat, in consultation with Agencies, identify and present a proposal with additional policy measures to enhance the operational efficiency and transparency of the GEF”<sup>1</sup>. This document presents for Council consideration: (i) specific amendments to the Cancellation Policy (OP/PL/02) contained in Annex I to this document; (ii) specific amendments to the Project and Program Cycle Policy (OP/PL/01) contained in Annex II; and (iii) a proposal for a one-time cancellation of the uncommitted/unused funds under Programs approved on or before June 30, 2014.

## BACKGROUND

2. The need to enhance the operational efficiency, transparency, and accountability of the GEF has been discussed in detail over the course of the GEF-7 replenishment process, as well as at recent Council meetings. At the first and second replenishment meetings, in March and October 2017, the Secretariat presented detailed analysis on the speed of project preparation, and Agencies’ compliance with key reporting requirements during project implementation<sup>2</sup>. At the 53<sup>rd</sup> Council meeting in November 2017, the Secretariat used the latest evidence from the active portfolio to present trends related to the speed of implementation and disbursement in its Annual Portfolio Monitoring Report (APMR)<sup>3</sup>. Finally, at the third replenishment meeting in January 2018, the Secretariat focused on potential policy measures to accelerate project preparation and implementation, and to enhance the flow of information on financing, operational performance, and results<sup>4</sup>.

3. Underpinning the above inputs to the replenishment participants and the Council, the Secretariat has engaged in intensive consultations with Agencies over the past 18 months. The Secretariat has worked closely with Agencies to ensure that all relevant data is accurate and up to date, and key challenges and opportunities related to the operational efficiency, transparency, and accountability of the GEF have been discussed at a series of inter-Agency

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<sup>1</sup> GEF/C.54/19/Rev.03, *Summary of the Negotiations of the Seventh Replenishment of the GEF Trust Fund* ([http://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.C.54.19.Rev\\_03\\_Replenishment.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.19.Rev_03_Replenishment.pdf))

<sup>2</sup> See pp. 172–175 in GEF/R.7/02, *GEF-7 Programming Directions and Policy Agenda* (<http://www.thegef.org/sites/default/files/council-meeting-documents/GEF-7%20Programming%20and%20Policy%20Document%20.pdf>); and pp. 171–175 in GEF/R.7/06, *Programming Directions and Policy Meeting Agenda* (<http://www.thegef.org/sites/default/files/council-meeting-documents/GEF-7%20Programming%20Directions%20and%20Policy%20Agenda%2C%20Second%20Replenishment%20Mee...pdf>)

<sup>3</sup> GEF/C.53/03, *Annual Portfolio Monitoring Report 2017* ([http://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.C.53.03\\_APMR%2BScorecard.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.53.03_APMR%2BScorecard.pdf))

<sup>4</sup> EF/R.7/10, *GEF-7 Policy Agenda: Analysis in Support of the Proposed GEF-7 Policy Recommendations* ([http://www.thegef.org/sites/default/files/council-meeting-documents/GEF-7%20-%20Policy%20Agenda%20-%20GEF\\_R.7\\_10.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/GEF-7%20-%20Policy%20Agenda%20-%20GEF_R.7_10.pdf))

retreats: in May 2017, September 2017, April 2018, and September 2018. In those discussions, the Secretariat and Agencies have sought to identify the reasons for the issues identified, and possible solutions going forward. At the latest of these retreats, in September 2018, the Secretariat shared with the Agencies the measures presented in this document, along with the underlying rationale.

**ISSUES AND PROPOSED SOLUTIONS – OVERVIEW**

4. The Secretariat’s latest, detailed analysis on operational efficiency, transparency, and accountability is presented in the Annual Portfolio Monitoring Report (APMR) (GEF/C.55/03), including (i) the speed of project preparation; (ii) the speed of implementation and Agencies’ compliance with key reporting requirements; (iii) the timeliness of financial closure; as well as (iv) unused and uncommitted funds set aside for old programs. In addition to the issues presented in the APMR, the Secretariat has identified options to further enhance operational efficiency in the preparation of Programs.

5. The analysis presented in the APMR and the policy measures proposed in this paper take a comprehensive view of the GEF project cycle, from identification to financial closure, with a focus on key decision points where improved performance can be incentivized. Figure 1 illustrates the main steps of the GEF project cycle.

**Figure 1: The GEF project cycle**



**Project Preparation**

6. The preparation of a full-sized project preparation starts with the Agency’s submission of a project concept to the GEF Secretariat, using the Project Identification Form (PIF). After the Council approves a project concept that is included in the Work Program, the Agency prepares the full project document and submits it for CEO endorsement. Once the project has been endorsed by the CEO, the Agency obtains approval from its governing body following its internal rules and procedures. Project preparation ends when the project becomes effective, and begins implementation, marked by first disbursement.

7. The Cancellation Policy (OP/PL/02)<sup>5</sup>, approved by the Council in June 2015, set out a time standard for full-sized projects to receive CEO endorsement no later than 18 months after Council approval, and for medium-sized projects to receive CEO approval no later than 12 months after CEO PIF approval<sup>6</sup>. To help ensure that the time standards are met, the policy requires that Agencies submit full-sized projects for CEO endorsement within 18 months of Council Approval. Medium-sized projects need to be submitted for CEO Approval within 12 months of CEO PIF approval.

8. As described in the APMR, as of September 2018 the Cancellation Policy had seen full compliance with the 18-month deadline for the submission of full-sized projects for CEO endorsement. However, fewer than half of all full-sized projects met the 18-month time standard for actual CEO Endorsement (see Figure 14 of the APMR [GEF/C.55/03]). Beyond CEO endorsement, the data shows that it takes a long time for projects to begin implementation on the ground, as evidenced by a completed first disbursement (Figure 15 of the APMR [GEF/C.55/03]).

9. The proposed policy measures, detailed in Annexes I and II, aim to incentivize faster project preparation in two ways:

- (a) Modifying the Cancellation Policy to effectively implement the agreed time standards for project preparation by requiring that full-sized projects receive actual CEO endorsement within 18 months of Council Approval. Medium-sized projects would need to receive actual CEO approval within 12 months of CEO PIF approval. Projects that fail to meet these deadlines would be cancelled. To ensure adequate time for review and revision and possible Council circulation prior to CEO endorsement/ approval, country Operational Focal Points (and Agencies for global and regional projects) would need to notify the CEO if full-sized projects cannot be submitted for CEO endorsement within 12 months of Council Approval, and if medium-sized projects cannot be submitted for CEO approval within 8 months of CEO PIF approval. If such notification is not received within 8 and 12 months for medium-sized projects and full-sized projects, respectively, the projects would be cancelled. These proposed modifications are reflected in amendments to the Cancellation Policy in Annex I; and
- (b) Adjusting the commitment<sup>7</sup> schedule for Agency fees so that the fee for full-sized projects would be committed in three tranches: at Council Approval (20%), first disbursement (50%), and mid-term review submission (30%). For medium-sized projects, the full fee would be committed at first disbursement. Currently, for

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<sup>5</sup> ([http://www.thegef.org/sites/default/files/documents/Project\\_Cancellation\\_Policy.pdf](http://www.thegef.org/sites/default/files/documents/Project_Cancellation_Policy.pdf))

<sup>6</sup> This time standard was initially established in 2010. See GEF/C.38/05/Rev.01, [Streamlining the Project Cycle and Refining the Programmatic Approach](http://www.thegef.org/sites/default/files/council-meeting-documents/C.38.5.Rev_.1_Streamlining_the_Project_Cycle_and_Revising_the_Programmatic_Approach%2C_revised%2C_July_01%2C_2010_4.pdf) ([http://www.thegef.org/sites/default/files/council-meeting-documents/C.38.5.Rev\\_.1\\_Streamlining\\_the\\_Project\\_Cycle\\_and\\_Revising\\_the\\_Programmatic\\_Approach%2C\\_revised%2C\\_July\\_01%2C\\_2010\\_4.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/C.38.5.Rev_.1_Streamlining_the_Project_Cycle_and_Revising_the_Programmatic_Approach%2C_revised%2C_July_01%2C_2010_4.pdf))

<sup>7</sup> At commitment funds become available for transfer from the Trustee to the Agency.

full-sized as well as medium-sized projects, the full fee is committed before implementation start. The proposed adjusted commitment schedule Agency fees is reflected in amendments to the Project and Program Cycle Policy in Annex II.

10. In addition, to encourage faster preparation of GEF Programs, the proposed policy measures will set an upper limit of 18 months for the Program Commitment Deadline, by which time Child Projects under programs need to receive CEO endorsement/ approval. Like stand-alone projects, country Operational Focal Points (and Agencies for global and regional Child Projects) would need to notify the CEO if Child Projects cannot be submitted for CEO endorsement/ approval no later than six months before the Program Commitment Deadline. If such notification is not received no later than six months before the Program Commitment Deadline, Child Projects would be cancelled.

### **Project Implementation and Compliance with Reporting Requirements**

11. As presented in Figure 17 of the APMR (GEF/C.55/03), latest available data suggests that there is considerable room for improvement in terms of the timeliness of project- and program-level reporting during implementation, and potentially with Agencies' compliance with GEF-specific reporting requirements. Of projects that began implementation in fiscal years 2010 to 2012, less than half had submitted a mid-term review within four years of first disbursement; and after six years of first disbursement more than 30% of the projects had still not submitted their mid-term reviews. Mid-term reviews are required for all full-sized projects and are strongly encouraged for medium-sized projects.

12. The proposed changes to the commitment schedule for Agency fees, described above, would incentivize the timely preparation and submission of mid-term reviews, and thereby contribute towards accelerating the implementation of GEF projects.

### **Timeliness of Financial Closure**

13. Apart from delays encountered during implementation, recent analysis by the Secretariat, the Trustee, and Agencies has found that a large share of projects are not financially closed in a timely manner. Of projects that completed their terminal evaluations in fiscal years 2008 to 2013, up to 29% had not been financially closed with the Trustee after three years from terminal evaluation. After five years, between 7% and 20 % of projects were still recorded as active with the Trustee (see Figure 19 of the APMR [GEF/C.55/03]).

14. To ensure that projects are financially closed and any unspent funds are returned in a timely manner, the proposed amendments to the Project and Program Cycle Policy include an upper limit of 12 months for the time elapsed from terminal evaluation to financial closure. This upper limit is also reflected in a proposed amendment to the Project and Program Cycle Policy in Annex II.

## Processing Amendments to Programs

15. At the onset of GEF-6, the Council approved a revised Programmatic Approach<sup>8</sup> (hereafter Programs) modality which details approval procedures for requesting an increase in GEF resources to allow for additional Child Projects to join the Program. This currently requires the re-submission of the full Program Framework Document (PFD) for Council Approval. For GEF-7, the Secretariat proposes to replace the re-submission of the full PFD with a simplified process for including additional Child Projects.

16. The proposed amended procedure would entail the submission of an Addendum to the approved PFD, and would include, *inter alia*, the following information: (i) the contribution of the new Child Project(s) to the Program's objective and results; (ii) the increased financing resources for Child Projects, supported by the OFP Letter(s) of Endorsement; (iii) the list of new Child Projects with their corresponding co-financing amounts; and (iv) an explanation, if any, of the process through which the Child Projects were included in Program. This proposed procedure is reflected in amendments to the Project and Program Cycle Policy in Annex II.

## Return of Unused and Uncommitted Program Funds for Programming

17. The Trustee and the Secretariat have identified a need to cancel several old programs, some dating back to GEF-2, for which funds remain set-aside but are no longer utilized. These unused and uncommitted program balances were overlooked in 2015 when the Council decided on a one-time cancellation of full-sized projects and medium-sized projects that were overdue for CEO Endorsement/ Approval<sup>9</sup>.

18. Under the programs with unused or uncommitted balances, 36 child projects have been financially closed and the unspent funds have been returned to the program set-aside. Another 20 child projects have been cancelled, with associated unspent funds returned to the program set-aside. Finally, 26 child projects have not been submitted for CEO Endorsement (see Figure 22 of the APMR (GEF/C.55/03)).

19. The proposed policy measures aim to enable the timely release of any unused or uncommitted Program funds to the GEF Trust Fund through (i) a one-time cancellation of balances from Programs approved on or before June 30, 2014; and (ii) establishing procedures to release unspent balances under Programs going forward.

20. Currently, unspent or cancelled balances from stand-alone projects that have been financially closed or cancelled are automatically returned to the GEF Trust Fund for

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<sup>8</sup> GEF/C.47/07/Rev.01, *Improving the GEF Project Cycle* ([http://www.thegef.org/sites/default/files/council-meeting-documents/19\\_EN\\_GEF.C.47.07.Rev\\_.01\\_Improving\\_the\\_GEF\\_Project\\_Cycle\\_1.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/19_EN_GEF.C.47.07.Rev_.01_Improving_the_GEF_Project_Cycle_1.pdf)).

<sup>9</sup> *Joint Summary of the Chairs, 48<sup>th</sup> GEF Council Meeting, June 2–4, 2015* ([http://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.C.48\\_Joint\\_Summary\\_of\\_the\\_Chairs\\_v2\\_4.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.48_Joint_Summary_of_the_Chairs_v2_4.pdf))



programming<sup>10</sup>, and the same principle should be applied to the unspent balances of Programs. Returning these balances to the overall GEF Trust Fund is also in line with the one-time cancellation of overdue FSPs and MSPs approved by the Council in June 2015<sup>11</sup>.

#### **SUMMARY OF THE PROPOSED POLICY MEASURES**

21. The Secretariat and Agencies are committed to enhancing operational efficiency, accountability and transparency through a series of policy measures. Consistent with the agreed GEF-7 Policy Recommendations, the following amendments are proposed in the *Cancellation Policy (OP/PL/02)* and in the *Project and Program Cycle Policy (OP/PL/01)*, in Annexes I-II:
  - i. Full-sized projects will be cancelled if they have not been CEO endorsed within 18 months of Council Approval;
  - ii. If full-sized projects cannot be submitted for CEO endorsement within 12 months of Council approval, country Operational Focal Points (and Agencies for global and regional projects) notify the CEO;
  - iii. Medium-sized projects will be cancelled if they have not been CEO approved within 12 months of CEO PIF Approval;
  - iv. If medium-sized projects cannot be submitted for CEO approval within 8 months of CEO PIF approval, country Operational Focal Points (and Agencies for global and regional projects) notify the CEO;
  - v. Child Projects proposed under Programs will be cancelled if they have not been CEO endorsed / approved within the Program Commitment Deadline, not exceeding 18 months; and
  - vi. If Child Projects cannot be submitted for CEO endorsement/ approval no later than six months before the Program Commitment Deadline, country Operational Focal Points (and Agencies for global and regional Child Projects) notify the CEO.
23. Amending the Project and Program Cycle Policy to accelerate project preparation, implementation, and closure; and to ensure timely compliance with key reporting requirements:

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<sup>10</sup> Paragraph 10 (iii) of the Cancellation Policy (OP/PL/02)

<sup>11</sup> *Joint Summary of the Chairs, 48<sup>th</sup> GEF Council Meeting, June 2–4, 2015*  
([http://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.C.48\\_Joint\\_Summary\\_of\\_the\\_Chairs\\_v2\\_4.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.48_Joint_Summary_of_the_Chairs_v2_4.pdf))

- (a) Propose a different commitment schedule of Agency fees, so that the commitments are better aligned with the GEF project cycle and cover both the project preparation and implementation:
  - i. for full-sized projects, 20% of the fee committed at Council Approval, then 50% at first disbursement, and final 30% at MTR submission;
  - ii. for medium-sized projects, full commitment of Agency fee at first disbursement; and
  - iii. for Child Projects under Programs, 20% of the fee committed at Council Approval of the Program, then for full-sized Child Projects 50% at first disbursement and the final 30% at MTR submission. For medium-sized Child Projects, the second and final 80% will be paid at first disbursement.
- (b) Streamline the way Agencies can request additional financial resources to include additional Child Project(s) for Programs that have already been approved by the Council, by submitting an Addendum to the original (instead of the resubmission of the full Program Framework Document) for Council approval.
- (c) Establish an upper limit of 12 months for the time elapsed from terminal evaluation to financial closure.
- (d) Establish procedures to release unspent balances under Programs to the GEF Trust Fund.

24. In addition to above amendments, the Secretariat proposes a one-time cancellation of any GEF funds approved for Programs on or before June 30, 2014 that come from (i) Child Projects that were never CEO endorsed/approved, (ii) Child Projects that have already been financially closed, and (iii) Child Projects that were cancelled. These associated balances were returned to the Program envelope but never to the GEF Trust Fund. The Secretariat proposes that these funds be released immediately to the GEF Trust Fund for programming.

25. Table 1 summarizes how these proposed policy measures aim to address efficiency, accountability and transparency of GEF operations.

**Table 1: Summary of the proposed policy measures**

Issues	Solutions	Cancellation Policy	Project and Program Cycle Policy
Slow project preparation		Strict enforcement of agreed time standards for project preparation	Scheduling the Agency Fee commitments to cover both project preparation and implementation

Slow implementation and weak Agency compliance with reporting		Final tranche of the Agency Fee committed at Mid-Term Review submission
Delays in Financial Closure		Establish 12-month upper limit for time elapsed from terminal evaluation to financial closure
Lengthy procedures for including additional Child Project(s) under a Program		Simplified documentation requirement
Unspent Program balances not being returned to the GEF Trust Fund		Clarify procedures to release unspent balances under Programs to the GEF Trust Fund

## **EFFECTIVENESS**

26. The Secretariat proposes that the policy measures presented in Annexes I-II come into effect on March 1<sup>st</sup>, 2019 and that they be applied to (i) all new GEF-financed activities submitted on or after the date of effectiveness; (ii) all GEF-financed projects that have not been financially closed as of the date of effectiveness; and (iii) all Programs for the amendments to the Project and Program Cycle Policy that relate to uncommitted set-asides / unspent balances of Programs.

27. The one-time cancellation of the uncommitted set-asides / unspent balances of Programs approved on or before June 30, 2014, would be effective immediately after Council approval of the proposed measure.

28. In line with the GEF-7 policy recommendations, the Secretariat will report on the effectiveness of these measures and share with the Council information on the performance of each Agency on regular basis.

## ANNEX I: PROPOSED AMENDMENTS TO THE CANCELLATION POLICY

### Introduction

1. This Policy aims to improve the GEF's operational efficiency, particularly in terms of the amount of time it takes to prepare and deliver projects, as a means to accelerate the achievement of the GEF's objectives in terms global environmental benefits and adaptation to climate change. It also aims to ensure that GEF-financed projects remain relevant to the objectives and priorities of the GEF and recipient countries. It does so by requiring improved management of the portfolio of GEF-financed projects and programs, provision of incentives for the timely preparation, processing, and implementation of projects; and clarification of criteria and requirements for the cancellation or suspension of projects.

### Objectives

2. This Policy sets out principles, rules, and procedures to cancel or suspend projects/programs at different stages in the GEF project cycle.

### Key Principles

3. The Secretariat, in consultation with recipient countries and in collaboration with the GEF Partner Agencies, actively manages the GEF project cycle according to the following time standards that have been approved by the GEF Council as part of the GEF project cycle:

- (a) Full-sized projects (FSPs) receive CEO endorsement no later than 18 months after the Council approves the relevant work program that included the Project Identification Form (PIF).
- (b) Medium-sized projects (MSPs) receive CEO approval no later than 12 months after CEO approves the MSP PIF.
- (c) Program Framework Documents (PFD) for programmatic approaches include a commitment deadline (hereafter Program Commitment Deadline), before which the participating GEF Partner Agencies are required to submit Child project documents for Secretariat review for CEO endorsement. Such deadlines are to be agreed with the Lead Agency prior to submission of the PFD for Council approval.

#### ***Replace:***

- (c) Program Framework Documents (PFD) for programmatic approaches include a commitment deadline (hereafter Program Commitment Deadline), not exceeding 18 months, before which the Child Projects receive CEO Endorsement / Approval.**

4. The recipient country, the GEF Partner Agency or the CEO may cancel or suspend a project as follows:

- (a) Prior to CEO endorsement/approval of a Project, as set forth in paragraphs 5 and 6 below<sup>12</sup>. Partner Agencies, after consultation with countries, may also cancel a project.
- (b) After CEO endorsement/approval, the Partner Agency may terminate or suspend a project in accordance with its policies and procedures.

## SCOPE

### Cancellation prior to CEO Endorsement/Approval

#### *Full-sized Projects*

5. The Secretariat and the Partner Agencies use the following procedure to help ensure that the project time-standard set forth in paragraph 3 (a) is met:

- (a) After 12 months from the date of Council approval of a PIF, if a project has not been submitted for CEO endorsement, the Secretariat notifies the Partner Agency and recipient country Operational Focal Points in writing of the Secretariat's expectation to receive the project for endorsement within the next six months.

#### ***Replace:***

- (a) After 8 months from the date of Council approval of a PIF, if a project has not been submitted for CEO endorsement (with the required documentation), the Secretariat notifies the Agency and recipient country Operational Focal Points in writing of the Secretariat's expectation to receive the project for endorsement within the next four months.**
- (b) If the project (with the required documentation) cannot be submitted for CEO endorsement within 12 months of the date of Council approval, the country Operational Focal Point (or the Partner Agency for global and regional projects) notifies the CEO. If such notification is not received within 12 months of the date of Council approval, the CEO notifies the Partner Agency, the recipient country Operational Focal Point, and the Trustee informing them of the cancellation of the project stating an effective date for the cancellation.**
- (b) After 18 months from the date of Council approval of the PIF, if the project (with the required documentation) has not been submitted for CEO endorsement, the CEO notifies the Partner Agency, the recipient country Operational Focal Point, and the Trustee informing them of the cancellation of the project stating an effective date for the cancellation.

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<sup>12</sup> As previously decided by Council, the CEO may also cancel a project on the basis of detection of corruption or fraudulent practices during procurement of a contract, if confirmed by the GEF Partner Agencies according to its policies and procedures, where the grantee/borrower has failed to take action acceptable to the GEF to remedy the situation. See GEF/C.31/07, GEF Project Cycle, approved by the Council in June 2007

(c)

*Replace:*

**(c) After 18 months from the date of Council approval of the PIF, if the project has not been CEO endorsed, the CEO notifies the Partner Agency, the recipient country Operational Focal Point, and the Trustee informing them of the cancellation of the project stating an effective date for the cancellation.**

(d) Country Operational Focal Points (or the Partner Agencies for global and regional projects) may request an exception from the CEO to the cancellation of a project before this **18-month deadline for CEO endorsement** only in cases of an extraordinary event or circumstances clearly beyond the control of the parties, such as a war, flood, earthquake or epidemic, **or similar circumstances** which prevents them from meeting the business standards in paragraph 3 (a). After consideration of the exception request and provided that the request is received prior to the last day of the **18th month**, the CEO determines whether to grant a one-time exception for up to twelve months, and communicates such decision in writing. The CEO communicates any exception decision to the Council for information and posts the information on the GEF website.

***Add: or similar circumstances***

(e) If a project is cancelled by the CEO in accordance with the paragraphs 5 (a-c), parties may resubmit the project for CEO endorsement within one year from the effective date of cancellation without resubmitting a PIF. Subject to availability of resources in the GEF Trust Fund (and in the country's STAR allocations), and the project meeting the required criteria for endorsement, the Secretariat circulates the project for a four-week review<sup>6</sup> by the Council prior to CEO endorsement.

#### *Medium-sized Projects*

6. The Secretariat and the Partner Agencies use the following procedure to help ensure that the project time- standard set forth in paragraph 3 (b) is met:

(a) After 6 months from the date of CEO approval of a PIF, if a project has not been submitted for CEO approval, the Secretariat notifies the Partner Agency and recipient country Operational Focal Points in writing of the Secretariat's expectation to receive the project for approval within the next six months.

*Replace:*

**(a) After 6 months from the date of CEO approval of a PIF, if a project has not been submitted for CEO approval (with the required documentation), the Secretariat notifies the Partner Agency and recipient country Operational Focal Points in writing of the Secretariat's**

**expectation to receive the project for approval within the next two months.**

**(b) If the project (with the required documentation) cannot be submitted for CEO approval within 8 months of the date of CEO approval of the PIF, the country Operational Focal Point (or the Partner Agency for global and regional projects) notifies the CEO. If such notification is not received within 8 months of the date of CEO Approval of the PIF, the CEO notifies the Partner Agency, the recipient country Operational Focal Point, and the Trustee informing them of the cancellation of the project stating an effective date for the cancellation**

(b) After 12 months from the date of CEO approval of the PIF, if the project (with the required documentation) has not been submitted for CEO approval, the CEO notifies the Partner Agency, the recipient country Operational Focal Point, and the Trustee informing them of the cancellation of the project stating an effective date for the cancellation.

*Replace:*

**(a) After 12 months from the date of CEO approval of the MSP PIF, if the project has not been CEO approved, the CEO notifies the Partner Agency, the recipient country Operational Focal Point, and the Trustee informing them of the cancellation of the project stating an effective date for the cancellation.**

(c) Country Operational Focal Points (or the Partner Agencies for global and regional projects) may request an exception from the CEO to the cancellation of a project before this **12-month deadline for CEO approval** only in cases of an extraordinary event or circumstances clearly beyond the control of the parties, such as a war, flood, earthquake or epidemic, **or similar circumstances** which prevents them from meeting the business standards in paragraph 3 (a). After consideration of the exception request and provided that the request is received prior to the last day of the **12th month**, the CEO determines whether to grant a one-time exception for up to six months, and communicates such decision in writing. The CEO communicates any exception decision to the Council for information and posts the information on the GEF website.

***Add: or similar circumstances***

### *Programs*

7. The Secretariat and the Partner Agencies use the following procedure for cancellation of funds committed under a Program:



- (a) In accordance with paragraph 3(c), the PFD will contain an agreed Program Commitment Deadline, before which all Child Projects need to be submitted for CEO endorsement.

***Replace:***

- (a) Ten months before the Program Commitment Deadline, if there are still program funds that are awaiting submission of Child Projects for CEO endorsement / approval, the Secretariat sends a notification to the Lead Agency notifying it of the upcoming cancellation of such Program funds.**
- (b) Six months before the Program Commitment Deadline, if there are still program funds that are awaiting submission of child projects for CEO endorsement, the Secretariat sends a notification to the Lead Agency notifying it of the upcoming cancellation of such program funds.

***Replace***

- (b) If there are still program funds that are awaiting submission of Child Projects (with the required documentation) for CEO endorsement / approval six months before the Program Commitment Deadline, the country Operational Focal Point (or the Partner Agency for global and regional Child Projects) notifies the CEO. If such notification is not received no later than six months before the Program Commitment Deadline, the CEO notifies the Partner Agency, the recipient country Operational Focal Point, and the Trustee informing them of the cancellation of the Child Project stating an effective date for the cancellation.**
- (c) After the passing of the Program Commitment Deadline, if there are still program funds that are awaiting submission as child projects for CEO endorsement, the CEO notifies the relevant Lead Agency and the Trustee in writing of the cancellation for the remaining program funds stating an effective date for the cancellation. The Lead Agency informs all relevant stakeholders engaged in the program of the cancellation.

***Replace***

- (c) After the passing of the Program Commitment Deadline, if the Child Project has not been CEO endorsed / approved, the CEO notifies the relevant Lead Agency and the Trustee in writing of the cancellation of the remaining Program funds stating an effective date for the cancellation. The Lead Agency informs all relevant stakeholders engaged in the Program of the cancellation.**

8. When the CEO cancels a project proposal or remaining funds under a program, the following actions are taken:

- (a) The Secretariat removes the proposal from the project pipeline, informs the recipient country and the GEF Partner Agency, and informs the Trustee of any project development funding that it has approved for the proposal.
- (b) If return of GEF funds is required, the Partner Agency will comply with the provisions of Financial Procedures Agreement with the Trustee regarding the return of funds.

***Replace:***

- (b) For any return of GEF funds, including the first tranche of the Agency fee, the Agency will comply with the provisions of Financial Procedures Agreement with the Trustee regarding the return of funds, with no exceptions.**

*Cancellation or Suspension of Projects after CEO Endorsement/ Approval*

9. The decision whether to cancel or suspend a project after CEO endorsement/approval rests with the GEF Partner Agency. When a Partner Agency considers cancellation or suspension of a project, in accordance with its policies and procedures, the Agency consults with the recipient country, all relevant government agencies, and other partners, including co-financiers, prior to such cancellation or suspension.

10. When such cancellation or suspension occurs, the following actions are taken by the Agency: (i) written notification to the recipient country government; (ii) written notification to the GEF Secretariat and the Trustee; and (iii) returns any GEF funds, if required, consistent with the provisions of Financial Procedures Agreement with the Trustee regarding the return of funds.

**Definitions**

11. The terms and acronyms used in this policy have the meanings set forth below:

- (a) Child Project: A child project is an individual project under a GEF-financed Program that is prepared and implemented in accordance with the policies, rules and procedures of the GEF Partner Agencies. Child projects are sometimes referred to as sub-projects.
- (b) GEF Agency: Any of the 10 institutions that were entitled to request and receive GEF resources directly from the GEF Trustee for the design and implementation of GEF-financed projects as of November 2010. They include the following organizations: the African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development, the Food and Agriculture Organization of the United Nations, the Inter-American Development Bank, the International Bank for Reconstruction and Development, the International Fund for Agricultural Development,

the United Nations Development Program, United Nations Environment Program, and the United Nations Industrial Development Organization.

- (c) GEF Partner Agency: Any of the institutions eligible to request and receive GEF resources directly from the GEF Trustee for the design and implementation of GEF-financed projects. This category includes both the ten GEF Agencies and GEF Project Agencies.
- (d) GEF Project Agency: Any of the institutions that the GEF has accredited to request and receive GEF resources directly from the GEF Trustee for the design and implementation of GEF-financed projects apart from the ten GEF Agencies. (e) Lead Agency: A GEF Partner Agency that coordinates all activities under a GEF-financed Program, including preparation of the program and drafting of the Program Framework Document; liaising with the GEF Secretariat, other GEF Partner Agencies participating in the program and all relevant stakeholders of the program; and implementation, supervision, monitoring, reporting, and evaluation activities at the program-level.
- (e) Program Framework Document (PFD): A document that defines the scope of a GEF-financed program, states the resources requested, and describes, among other things, the scope of activities to be undertaken, the proposed child projects under the program, and arrangements for implementation, monitoring, and evaluation.
- (f) Program: A strategic combination of projects and activities with a common focus that builds upon or complements one another to produce results (outcomes and/or impacts) unlikely to be achieved by a project-by-project approach. Programs are sometimes referred to as Programmatic Approaches (PAs)

## **ANNEX II: PROPOSED AMENDMENTS TO THE PROJECT AND PROGRAM CYCLE POLICY**

### **Definitions and Acronyms**

**Agency Fee** means the financial resources provided to the Agency in connection with the implementation of a GEF project.

**CEO Endorsement Request** means the applicable document that sets forth a fully developed Full-sized Project that is requesting endorsement for GEF financing.

**Child Project** means an individual project under a Program.

**Enabling Activity (EA):** means a project for the preparation of a plan, strategy or report to fulfill commitments under a Convention.

**EA Approval Request:** means the applicable document that sets forth a fully developed Enabling Activity that is requesting approval for GEF financing.

**Full-sized Project (FSP):** means a GEF Project Grant of more than two million US dollars.

**GEF Agency:** means an institution eligible to request and receive GEF resources directly from the GEF Trustee on behalf of an eligible recipient for the design and implementation of GEF-financed projects.

**GEF Operational Focal Point (OFF):** means a government official nominated by a GEF Participant (as defined by the Instrument) who acts as the principal contact point for GEF activities in the country.

**GEF Project:** means an activity or set of activities that promote the achievement of the purposes of the GEF for which resources from any of the Trust Funds operated by the GEF has been requested by the Agency on behalf of an eligible recipient and/or approved by the GEF Council or the CEO.

**Global Environmental Benefits:** means positive outcomes of global reach derived from financial investments in environmental sustainability at the local, national, regional and global levels.

**Guidelines:** means additional instructions, procedural steps, and explanatory information to assist partners in the implementation of this Policy.

**Intersessional Work Program:** means a group of individual FSP PIFs that is proposed by the Secretariat and presented to the GEF Council in between Council meetings for its approval by mail.

**Lead Agency:** means an Agency that coordinates all activities under a Program.

**Major Amendment:** means a change in project design or implementation that has a significant impact on the project's objectives or scope, or an increase of the GEF Project Grant of more than five percent.

**Medium-sized Project (MSP):** means a GEF Project Grant of less than or equivalent to two million US dollars.

**MSP Approval Request:** means the applicable document that sets forth a fully developed Medium-sized Project that is requesting approval for GEF financing.

**Project Document:** means the applicable GEF Agency document containing final plans for a project, including rationale, budgets, and implementation arrangements submitted for CEO endorsement or approval.

**Project Executing Entity:** means an organization that executes a GEF Project, or portions of it, under the supervision of an Agency, including national or sub-national government agencies, civil society organizations (CSOs), private sector entities, or academic institutions, among others.

**Project Grant:** means the resources provided to a GEF Project to support its implementation. It does not include Project Preparation Grants or Agency Fees.

**Project Identification Form (PIF):** means the applicable document that sets forth the concept of a FSP or MSP that is requesting GEF financing.

**Project Preparation Grant (PPG):** means the funding provided to support the preparation of a FSP or MSP.

**Program:** means a longer-term and strategic arrangement of individual yet interlinked projects that aim at achieving large-scale impacts on the global environment.

**Program Commitment Deadline:** means the date included in a Program Framework Document before which GEF Agencies participating in a Program are required to submit Child Project documents for Secretariat review for CEO endorsement (in the case of FSPs) or approval (in the case of MSPs).

**Program Framework Document (PFD):** means the document that sets forth the concept of a Program that is proposed for GEF financing.

**Total GEF Resources:** means the total amount of funding requested by or provided to a single GEF Project or Program. This amount includes the PPG, the Project Grant, and associated Agency Fees.

**Trust Fund:** means any trust fund that serves the objectives of the GEF, including the GEF Trust Fund, the Least Developed Countries Fund (LDCF), the Special Climate Change Fund (SCCF), the

Nagoya Protocol Implementation Fund, or any future trust funds established under the authority of the GEF Council.

**Work Program:** means a group of individual FSP PIFs and PFDs that is presented for Council approval in a Council meeting.

**Work Program Cover Note:** means a document that summarizes and analyzes the Work Program, highlighting how the individual projects contribute to the achievement of GEF goals.

## **INTRODUCTION**

1. The GEF finances Full-sized Projects, Medium-sized Projects, Enabling Activities, and Programs. GEF Agencies (hereafter referred to as “Agency” or “Agencies”) utilize any of these modalities.
2. This Policy provides a description of the mandatory rules and criteria to be followed by GEF stakeholders in the process of designing and implementing GEF-financed projects and programs.

## **MODALITIES**

### **Full-sized Projects**

3. The Agency prepares a project concept at the request of and in consultation with relevant country institutions and other relevant partners, and submits it to the Secretariat through the Project Identification Form (PIF). The respective GEF Operational Focal Point endorses the PIF. The Agency submits PIFs to the Secretariat on a rolling basis, copying other Agencies, STAP, and the relevant Convention Secretariats.
4. The Agency may request a Project Preparation Grant (PPG) at the time of PIF submission or at any time before CEO Endorsement submission. The CEO decides whether to approve such PPG.
5. The Secretariat reviews each eligible PIF taking into consideration relevant GEF strategies, policies and guidelines, including provisions set forth in a review sheet, and provides comments to the Agency. Other Agencies and Convention Secretariats submit any comments to the Secretariat and the Agency. If a PIF does not meet the conditions for approval, the Secretariat either rejects it or requests additional information.
6. Following receipt of the Secretariat’s comments, the Agency responds to any comments and submits a revised PIF, if necessary. The Secretariat provides further comments if in its view the Agency’s response to the set of issues is not adequate, or if in the revised PIF introduces new design elements that require clarification or further improvement.
7. Once the Secretariat determines that the project proposal meets the conditions for approval, the CEO decides whether to include it in a Work Program. The CEO constitutes a Work Program subject to, among other things, resource availability. STAP screens PIFs prior to the posting of the Work Program on the GEF website for Council review.
8. A cover note is issued for every Work Program. The individual PIFs, with the requested Project Grant amounts, any PPG amounts and Agency Fees, are annexed to the Work Program Cover Note. The individual PIFs and the Cover Note are posted on the GEF website and circulated to Council members four weeks in advance of a Council meeting for a Work Program to be discussed at a Council meeting, or four weeks in advance prior to a decision date for an Intersessional Work Program.

9. The Council reviews and provides written comments on the Work Program prior to and during each Council meeting, and intersessionally between Council meetings for decision by mail on a no-objection basis. The Council decides during its meeting whether to approve the entire Work Program or to exclude any PIF from the proposed Work Program, which may be considered in a future Council meeting.

10. For an Intersessional Work Program, if any Council Member objects to the Work Program, it is deferred to the next regular meeting of the Council. If any Council Member objects to an individual PIF, this PIF is removed from the Intersessional Work Program and will be deferred for consideration at the next regular meeting of the Council.

11. After PIF approval and before the deadline for submission of a complete endorsement request, the Agency submits to the Secretariat a CEO Endorsement Request and associated Project Document that is in a form as submitted to the Agency's internal approving authorities. The Agency, in consultation with the country concerned, and with the CEO's concurrence, may also cancel a project before CEO Endorsement submission. The Secretariat reviews the CEO Endorsement Request and the Project Document for consistency with the approved PIF, taking into consideration the relevant GEF strategies, policies, and guidelines, including provisions set forth in a review sheet; and to ensure that any comments provided by the Council, STAP, Convention secretariats and other Agencies have been adequately addressed.

12. The Secretariat asks the Agency to revise proposals that it deems not to be in compliance with the specified conditions for endorsement. Following receipt of the Secretariat's comments, the Agency responds to any questions and submits a revised CEO Endorsement Request and Project Document, if needed. The Secretariat provides further comments only if, in its view, the Agency's response to the set of issues identified by the Secretariat is not adequate or if the revised CEO Endorsement Request introduces new design elements that require clarification or further improvement. The CEO, in consultation with the country and the Agency concerned, may also cancel the project. The final Project Grant amount is confirmed by the CEO at endorsement.

13. Once the Secretariat determines that a project proposal meets the conditions for endorsement, the CEO endorses the project, except under the circumstances where (i) a Council Member requested, at the time of PIF approval, that the Secretariat circulates the CEO Endorsement Request and the Final Project Document to the Council for review; or (ii) the CEO, upon review, decides that there have been major changes to the project's scope and/or objectives since PIF approval. In these two instances, the Secretariat circulates the CEO Endorsement Request and the Project Document to the Council for a four-week review period prior to CEO endorsement in a manner that protects information received in confidence. In these two instances:

- (a) Council Members transmit any comments or concerns to the CEO within four weeks. If at least four Council Members request that a project be reviewed at a Council meeting because in their view the project is not consistent with the GEF Instrument or GEF policies and procedures, the CEO submits the project document



to the next Council meeting and only endorses the project for final approval by the Agency if the Council finds that the project is consistent with the Instrument and GEF policies and procedures.

- (b) The Agency responds to any comments received from Council Members and revises the documents. The CEO endorses the project once comments have been adequately addressed and informs Council accordingly.

14. After CEO Endorsement, the Agency approves the project following its own internal procedures and begins project implementation. The Secretariat posts the endorsed project documents on the GEF website in a manner that protects information received in confidence.

15. For any Major Amendments, whether before or after CEO Endorsement, the Secretariat circulates the amended CEO Endorsement Request and the Project Document to the Council for four weeks for its approval before CEO endorsement or re-endorsement.

### **Medium-sized Projects**

16. The CEO has delegated authority to approve projects requesting less than or equivalent to two million US dollars in Project Grant. The CEO decides whether to approve such MSPs.

17. For MSPs, the Agency chooses one of the two procedures below.

**(a) A one-step approval process, wherein no PIF is required**

- i. The Agency prepares a MSP Approval Request at the request of and in consultation with relevant country institutions and other relevant partners. The respective GEF Operational Focal Point endorses the MSP Approval Request. The Agency submits the MSP Approval Request to the Secretariat for review on a rolling basis. The Agency may request a Project Preparation Grant (PPG) at the time of MSP Approval Request submission. The CEO decides whether to approve such PPG.
- ii. The Secretariat reviews the MSP Approval Request taking into consideration the relevant GEF strategies, policies, and guidelines, including provisions set forth in a review sheet. If a MSP Approval Request does not meet the conditions for approval, the Secretariat either rejects it or requests additional information.
- iii. Following receipt of the Secretariat's comments, the Agency responds to any comments and submits a revised MSP Approval Request, if necessary. The Secretariat provides further comments if in its view the Agency's response to the set of issues identified by the Secretariat is not adequate.
- iv. Once the Secretariat determines that the project proposal meets the conditions for approval, the CEO decides whether to approve the MSP.

- v. After CEO Approval, the Agency approves the project following its own internal procedures and begins project implementation. The Secretariat posts the approved project documents on the GEF website in a manner that protects information received in confidence.
- vi. For any Major Amendments after CEO Approval of the MSP, the Agency re-submits an amended MSP Approval Request for CEO re-approval.

**(b) Two-step approval process**

- i. The Agency prepares a PIF at the request of and in consultation with relevant country institutions, and other relevant partners. The respective GEF Operational Focal Point endorses the PIF, and the Agency submits the PIF to the Secretariat for review on a rolling basis. The Agency may request a Project Preparation Grant (PPG) at the time of PIF submission or at any time before CEO Approval submission. The CEO decides whether to approve such PPG.
- ii. The Secretariat reviews each eligible PIF taking into consideration relevant GEF strategies, policies and guidelines, including provisions set forth in a review sheet, and provides comments to the Agency. If a PIF does not meet the conditions for approval, the Secretariat either rejects it or requests additional information.
- iii. Following receipt of the Secretariat's comments, the Agency responds to any comments and submits a revised PIF, if necessary. The Secretariat provides further comments if in its view the Agency's response to the set of issues identified by the Secretariat is not adequate.
- iv. Once the Secretariat determines that the project proposal meets the conditions for approval, the CEO decides whether to approve the PIF.
- v. After PIF approval, and before the deadline for submission of a complete approval request, the Agency prepares and submits to the Secretariat a MSP Approval Request and a Project Document that is in a form as submitted to the Agency's internal approving authorities. The Agency, in consultation with the country concerned, and with the CEO's concurrence, may also cancel a project before CEO Approval submission.
- vi. The Secretariat reviews the MSP Approval Request for consistency with the approved PIF, taking into consideration the relevant GEF strategies, policies, and guidelines, including provisions set forth in a review sheet. The Secretariat asks the Agency to revise proposals that it deems not to be in compliance with the specified conditions for approval.
- vii. Following receipt of the Secretariat's comments, the Agency responds to any questions and submits a revised MSP Approval Request and Project Document, if needed. The Secretariat provides further comments only if, in

its view, the Agency's response to the set of issues identified by the Secretariat is not adequate or if the revised MSP Approval Request introduces new design elements that require clarification or further improvement. The CEO, in consultation with the country and the Agency concerned, may also cancel the project.

- viii. Once the Secretariat determines that the project proposal meets the conditions for approval, the CEO approves the MSP. The final Project Grant amount is confirmed by the CEO at approval.
- ix. After CEO Approval, the Agency approves the project following its own internal procedures and begins project implementation. The Secretariat posts the approved project documents on the GEF website in a manner that protects information received in confidence.
- x. For Major Amendments after CEO approval of the MSP, the Agency reflects them in an amended MSP Approval Request and re-submits it for CEO re-approval.

### **Enabling Activities**

18. There are two ways to process Enabling Activities (EAs): (i) through a GEF Agency, or (ii) through direct access. An EA above one million US dollars follows the project cycle procedures described above for either FSPs or MSPs, depending on its size.

19. An EA up to one million US dollars **submitted through a GEF Agency** follows the process below:

- (a) The Agency prepares an EA Approval Request at the request of and in consultation with relevant country institutions and other relevant partners. The respective GEF Operational Focal Point endorses the EA Approval Request. The Agency submits the EA Approval Request and any related EA documents to the Secretariat on a rolling basis.
- (b) The Secretariat reviews the EA Approval Request taking into consideration the relevant GEF strategies, policies, and guidelines, including provisions set forth in a review sheet. If the EA Approval Request does not meet the conditions for approval, the Secretariat either rejects it or requests additional information.
- (c) Following receipt of the Secretariat's comments, the Agency responds to any comments and submits a revised EA Approval Request, if necessary. The Secretariat provides further comments if in its view the Agency's response to the set of issues identified by the Secretariat is not adequate.
- (d) Once the Secretariat determines that the proposal meets the conditions for approval, the CEO decides whether to approve the EA.
- (e) After CEO Approval, the Agency approves the EA following its own internal procedures and begins its implementation. The Secretariat posts the approved

project documents on the GEF website in a manner that protects information received in confidence.

- (f) For any Major Amendments after CEO approval of the EA, the Agency re-submits an amended EA Approval Request for CEO re-approval.

20. An EA up to 500,000 US dollars **submitted through direct access** follows the procedures below:

- (a) The Country (the Recipient) submits an EA Approval Request and any related EA documents to the Secretariat. The EA Approval Request complies with the Operational Policies and Procedures (OP/BPs) and Anti-corruption guidelines that apply to the World Bank (IBRD) and International Development Association (IDA) financing.
- (b) The Secretariat reviews the EA Approval Request for consistency with Operational Policies and Procedures (OP/BPs) and Anti-corruption guidelines that apply to the World Bank (IBRD) and International Development Association (IDA) financing, and taking into consideration the relevant GEF strategies, policies, and guidelines, including provisions set forth in a review sheet. If the EA Approval Request does not meet the conditions for approval, the Secretariat either rejects it or requests additional information.
- (c) Once the Secretariat determines that the proposal meets the conditions for approval, the CEO decides whether to clear the EA.
- (d) The Recipient and the CEO, with delegated signature authority, signs a World Bank grant agreement.
- (e) The Bank has no liability to the GEF under such grants or for the actions of staff assigned to the GEF with respect to such grants, and the Bank is 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 grants.
- (f) The Secretariat posts the project documents on the GEF website in a manner that protects information received in confidence.
- (g) The Recipient begins project implementation.
- (h) For any Major Amendments after CEO approval of the EA, the country re-submits an amended EA Request for CEO approval. Upon approval, the CEO, with delegated signature authority, signs an amendment to the grant agreement.

21. The Secretariat issues guidelines related to EAs in conformance with policies, program priorities, and eligibility criteria established by the Conference of the Parties of each of the relevant Conventions.

## Programs

22. The approval process for Programs and related Child Projects consists of two main steps: (i) Council Approval of a Work Program that includes a Program Framework Document (PFD) together with any Child Project titles or concepts; and (ii) CEO endorsement/approval of Child Projects under the Program.

23. The Lead Agency, along with other participating Agencies and in consultation with relevant country institutions and other relevant partners, prepares a PFD. The Lead Agency submits the PFD to the Secretariat for review on a rolling basis, copying all Agencies, STAP and Convention Secretariats for comments. The Lead Agency also implements the associated global / regional child project and/or the coordination mechanism that monitors and ensures coherence among all child projects included in the program, while also being responsible for Program-level reporting. The other participant Agencies implement the Child Projects they are responsible for.

24. The respective GEF Operational Focal Point endorses the relevant Child Projects anticipated under the PFD. The Secretariat reviews each eligible PFD taking into consideration relevant GEF strategies, policies and guidelines, including provisions set forth in a review sheet, and provides comments to the Agency. Other Agencies, STAP and Convention Secretariats submit any comments to the Secretariat and the Lead Agency. If a PFD does not meet the conditions for approval, the Secretariat either rejects it or requests additional information.

25. Following receipt of the Secretariat's comments, the Lead Agency responds to any comments and submits a revised PFD, if necessary. The Secretariat provides further comments if in its view the Lead Agency's response to the set of issues identified by the Secretariat is not adequate, or if the revised PFD introduces new design elements that require clarification or further improvement.

26. Once the Secretariat determines that the PFD meets the conditions for approval, the CEO decides whether to include a PFD in a Work Program at a Council meeting subject to, among other things, resource availability. STAP screens PFDs prior to the posting of the Work Program on the GEF website for Council review. The Council reviews and approves the Work Program constituted by the CEO at each Council meeting. The Council provides written comments on PFDs included in the Work Program prior to or at the Council meeting. The Council decides during its meeting whether to remove any PFD from the proposed Work Program, which may be considered in a future Council meeting.

27. The participant Agencies may request a Project Preparation Grant (PPG) for Child Projects at the time of PFD approval or at any time before CEO Endorsement / Approval submission of Child Projects. The CEO decides whether to approve such PPG.

28. After PFD approval, the participant Agencies submit to the Secretariat CEO Endorsement Requests for Full-sized Child Projects or MSP Approval Requests for Medium-sized Child Projects with Project Documents that are in a form as submitted to the Agency's internal

approving authorities. The submission must be made **six months** before the respective Program Commitment Deadline. The Agency, in consultation with the countries concerned, and with the CEO's concurrence, may also cancel a Child Project before CEO Endorsement / Approval submission.

***Add: six months***

29. The Secretariat reviews the CEO Endorsement / Approval Request for consistency with the approved PFD, taking into consideration the relevant GEF strategies, policies, and guidelines, including provisions set forth in a review sheet; and to ensure that any comments on the PFD provided by the Council, STAP, Convention Secretariats and other Agencies have been adequately addressed. The Secretariat circulates such project documents to the Council for a four-week review period before CEO endorsement / approval in a manner that protects information received in confidence.

30. Council Members transmit any comments or concerns on a Child Project document to the Secretariat within four weeks. If at least four Council Members request that a Child Project be reviewed at a Council meeting because in their view the Child Project is not consistent with the GEF Instrument or GEF policies and procedures, the CEO submits the project document to the next Council meeting and only endorses / approves it for final approval by the Agency if the Council finds that the project is consistent with the Instrument and GEF policies and procedures.

31. The Agency responds to comments received from the Council Members and the Secretariat and resubmits, if necessary, a revised project document for CEO endorsement / approval. The CEO endorses / approves the Child Project once comments are adequately addressed. The CEO, in consultation with the country and the Agency concerned, may also cancel the Child Project.

32. After CEO Endorsement / Approval, the Agency approves the Child Project following its own internal procedures and begins project implementation. The Secretariat posts the endorsed / approved Child Project documents on the GEF website in a manner that protects information received in confidence.

33. The Lead Agency re-submits a revised PFD for Council approval prior to the PFD Commitment Deadline if the following are requested: (a) an increase in proposed utilization of country STAR allocations for Child Projects; and / or (b) an increase in GEF resources for the Program

***Replace:***

**33. The Lead Agency submits an Addendum to the PFD for Council approval prior to the end of the Replenishment period if the following are requested: (a) an increase in proposed utilization of country STAR allocations for Child Projects; and / or (b) an increase in GEF resources for the Program**

## **Implementation, Monitoring, and Evaluation**

### ***Replace with: Implementation, Monitoring, Evaluation and Project Closure***

34. Implementation begins following CEO endorsement and Agency approval. Each Agency is responsible for the projects implementation and is directly accountable to the Council. Agencies conduct project-level monitoring and evaluation activities in accordance with the Agency systems and consistent with the GEF Monitoring and Evaluation Policy. Agencies undertake mid-term reviews for FSPs under implementation and submit them to the Secretariat. Agencies submit FSPs and MSPs terminal evaluation reports to the GEF Independent Evaluation Office.

#### ***Add:***

**34. Within 12 months after the submission of the Terminal Evaluation, Agencies report on financial closure to the Trustee. The Secretariat will monitor and report to the Council on the effectiveness of this measure.**

35. GEF corporate and focal area results frameworks guide Secretariat monitoring and learning activities at the portfolio level. The Secretariat monitors and reports to Council on overall GEF project cycle efficiency and other relevant elements. The Secretariat, in consultation with the Agencies, and STAP as needed, develops Guidelines on GEF Results-Based Management.

### **Set-aside, Commitment, and Transfer of Funds**

#### ***Set-aside and Commitment***

36. Set-aside for FSPs and two-step MSPs: for FSPs, the Trustee sets-aside funds towards the project identified by PIFs (all project costs) listed in the approved Work Program, subject to the availability of resources. For MSPs following a two-step approval process, the Trustee sets aside funds towards the project identified by PIFs (all project costs) as approved by the CEO, subject to the availability of resources.

37. Commitment for FSPs and two-step MSPs: for FSPs the Trustee commits funds for the Project Grant to the Agency only after CEO endorsement, based on the amount endorsed by the CEO. Fees for FSPs are committed in tranches: 40% at PIF approval by Council and 60% upon endorsement by the CEO. For MSPs following a two-step approval process, the Trustee commits funds for both –Project Grant and Agency Fees— in full after CEO approval of the final MSP.

#### ***Replace:***

**37. Commitment for FSPs and two-step MSPs: for FSPs the Trustee commits funds for the Project Grant to the Agency based on the amount endorsed by the CEO. Fees for FSPs are committed in tranches: 20% at PIF approval by the Council, 50% at first disbursement<sup>13</sup>, and 30% at the submission of the project's Mid-term review to the Secretariat. For MSPs following a two-step approval process, the Trustee commits funds for the Project Grant in full after CEO approval of the final MSP. Agency Fees for MSPs are committed in full at first disbursement.**

38. Set-aside and commitment for one-step MSPs, EAs and PPGs: for MSPs following the one-step approval process and for EAs submitted through an Agency, and for PPGs, the Trustee sets aside and commits the Project Grants, Project Preparation Grants for MSPs in full after CEO approval of the MSP, EA or PPG.

*Replace:*

**38. Set-aside and commitment for one-step MSPs, EAs and PPGs: for MSPs following the one-step approval process and for EAs submitted through an Agency, and for PPGs, the Trustee sets aside and commits the Project Grants, Project Preparation Grants for MSPs in full after CEO approval of the MSP, EA or PPG. Fees for one-step MSPs are committed in full at first disbursement. Fees for EAs and PPGs are committed in full after CEO approval.**

39. Set-aside and commitment for Programs: the Trustee sets aside the amount of Total GEF Resources requested under a PFD once the Work Program is approved by the Council, subject to the availability of resources. The Trustee commits 40% of the Agency Fees for each Full-sized Child Project listed in a PFD at the time of PFD approval. This is subject to the 40% fee commitment being returned if the Full-sized Child Project is dropped / cancelled prior to the respective Program Commitment Deadline, with no exceptions. If the Full-sized Child Project is not submitted for CEO endorsement by the time of the respective Program Commitment Deadline, the 40% fee commitment will be cancelled and returned, with no exceptions. The Project Grant and the remaining 60% of the Agency Fee are committed in full to the Agency only after CEO endorsement of Full-sized Child Projects, based on the amount endorsed by the CEO. For Medium-sized Child Projects and for PPGs, the Trustee commits the Project Grant and Agency Fee in full after CEO approval.

*Replace:*

**39. Set-aside and commitment for Programs: the Trustee sets aside the amount of Total GEF Resources requested under a PFD once the Work Program is approved by the Council, subject to the availability of resources. The Trustee commits 20% of the Agency Fees for each Child Project listed in a PFD at the time of PFD approval. This is subject to the 20% fee commitment**

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<sup>13</sup> First disbursement is defined as the earliest date on which: (a) the first transfer/disbursement of GEF funds to the project Executing Agency takes place; or (b) the first direct payment that is made with GEF funds to suppliers of goods and/or services for the project. See GEF/C.50/Inf.05 – *Analysis of First Disbursement* ([http://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.C.50.Inf\\_05\\_Analysis\\_of\\_First\\_Disbursement.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.50.Inf_05_Analysis_of_First_Disbursement.pdf))



being returned if the Child Project is dropped / cancelled prior to the respective Program Commitment Deadline, with no exceptions. If the Child Project is not submitted for CEO endorsement/approval by the time of the respective Program Commitment Deadline, the 20% fee commitment will be cancelled and returned to the GEF Trust Fund, with no exceptions.

**40. The Project Grant is committed in full to the Agency only after CEO endorsement of Full-sized Child Projects, or CEO approval of Medium-sized Child Projects, based on the amount endorsed/approved by the CEO. From the remaining Agency Fee, for the Full-sized Child Project 50% is committed at first disbursement, and 30% at the submission of the Mid-term Review to the Secretariat. For the Medium-sized Child Projects and for PPGs, the Trustee commits the Project Grant in full after CEO approval. Agency Fees for Medium-sized Child Projects are committed in full at first disbursement. PPG Fees are committed in full at PPG approval by the CEO.**

**41. Unspent/uncommitted balances under a Program will be cancelled and released to the GEF Trust Fund immediately after (i) a Child Project is cancelled; (ii) a Child Project is financially closed with the Trustee; or (iii) the Program Commitment Deadline.**

#### *Transfer of Funds*

40. The Agency requests transfer of funds for a project after (i) the Trustee commits the funds for the project pursuant to paragraphs to 39 above, depending on the type of project, and (ii) the Agency approves the FSP, MSP, and EA projects in accordance with its policies and procedures.

41. The Trustee may suspend commitment and disbursement of GEF funds that have been allocated by the Council and/or the CEO, as appropriate, to any Agency which is not in compliance with its reporting obligations to the Trustee under the Financial Procedures Agreement the Agency entered into with the Trustee, when non-compliance has continued for a period of more than thirty days after written notification from the Trustee. Such suspension may continue until such time as the noncompliance is resolved to the satisfaction of the Trustee. The Trustee may also suspend commitment and disbursement of GEF funds as instructed by the Council if the Council determines, after consulting an Agency, that failure to comply with their obligation with regard to misuse of funds as specified in the Financial Procedures Agreement continues.

## **RELATED DOCUMENTS**

### **GEF Policies**

[Co-financing \(FI/PL/01\)](#)

[Comparative Advantages of the GEF Agencies \(Council Document GEF/C.31/5\)](#)

[Fee Policy for GEF Partner Agencies \(FI/PL/03\)](#)

[The GEF Monitoring and Evaluation Policy \(Evaluation Document No. 4\)](#)

[Non-Grant Instruments \(FI/PL/02\)](#)

[Operational Guidelines for the Application of the Incremental Cost Principle \(Council Document \(GEF/C.31/12\)](#)

[Policy on Public Involvement in GEF Projects \(SD/PL/01\)](#)

[Project Cancellation \(OP/PL/02\)](#)

### **Guidelines**

[Guidelines on the Implementation of the Public Involvement Policy \(SD/GN/01\)](#)