

GLOBAL
ENVIRONMENT
FACILITY

PROPOSED GEF PROJECT CYCLE

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I. BACKGROUND

1. The purpose of this paper is to set out the main steps to be followed in identifying, developing and implementing projects under the GEF. Where possible the paper recommends the procedures to be followed. In some areas, however, more work needs to be carried out to develop guidelines as to how to achieve the intended goal. If the general approach included in this report is approved by Council, the Secretariat will develop detailed Operational Policy Directives and Guidelines (OPGs) for the Implementing Agencies, and where appropriate, the executing agencies.
2. This paper should be read in conjunction with other papers under consideration by Council. The most relevant are the papers on Programming Guidance for 1995, Incremental Costs, the Independent Evaluation Checklist, STAP and Administrative Costs. In particular, Council decisions concerning the role of STAP are likely to affect the project cycle.

II. THE CONTEXT FOR PROJECT DEVELOPMENT

3. GEF operations will comply with clearly articulated policy and strategic guidance. It may be helpful to think of such guidance in terms of a continuum -- broad policy leading to strategic guidance which in turn may be elaborated upon in operational policy directives and guidelines (see Figure 1):

- (a) **Policy:** Policy guidance will be comprised of broad long-term principles and objectives of the GEF, such as the fundamental organizational arrangements and operations of the Facility. Policies will have a long term perspective and will be less subject to amendment and change than strategic or operational guidance. Policy guidance will principally be drawn from two sources:
 - (i) the Conventions in the areas of Biodiversity, Climate Change and Ozone Depletion¹; and,
 - (ii) the Council, drawing upon the Instrument², in the area of international waters and with respect to guidance on generic issues not addressed in the Instrument.³

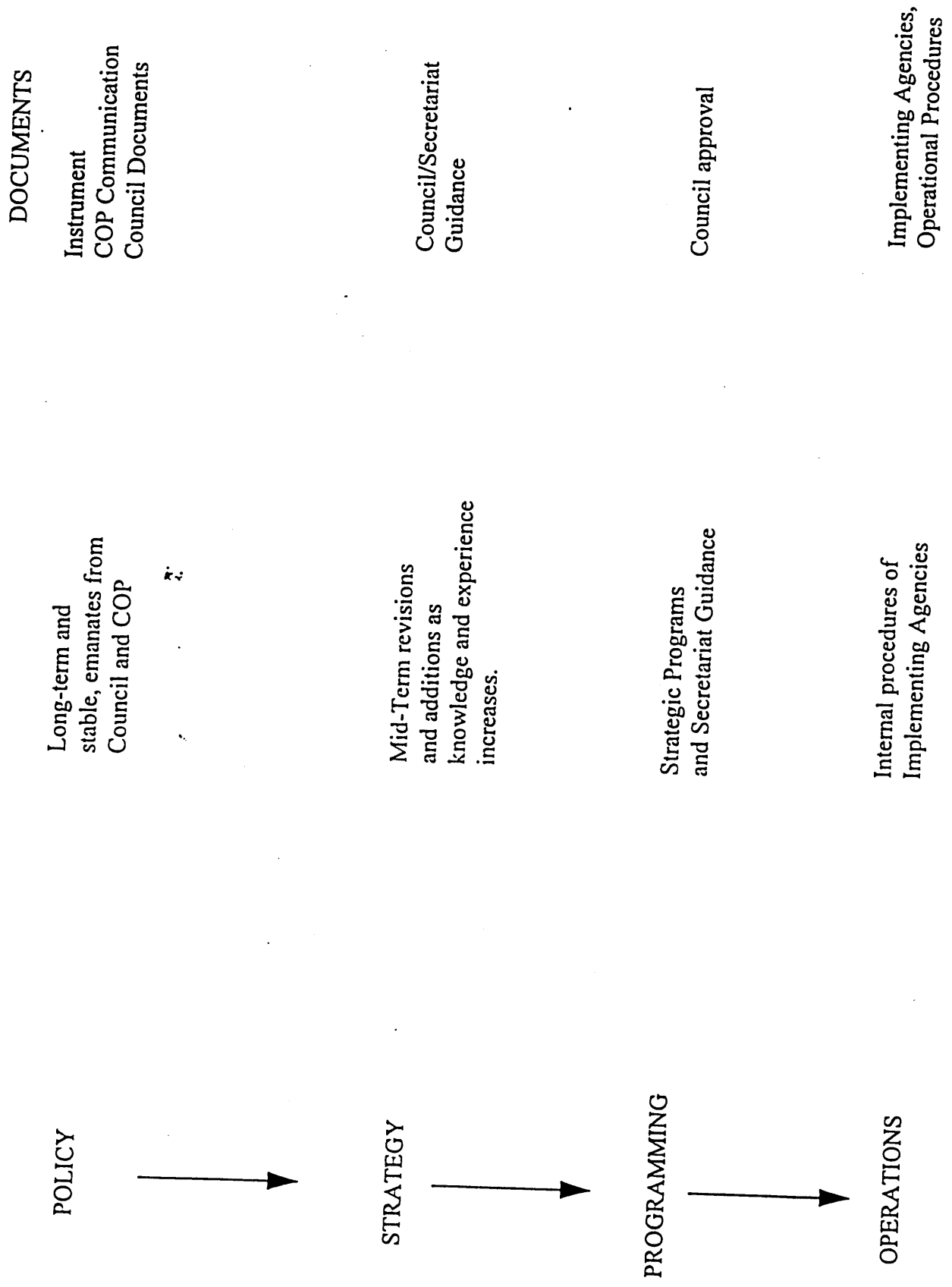
¹Paragraph 26 of the Instrument.

²The Instrument already presents some policy directions, e.g., its basic provisions (paragraphs 1 to 6), eligibility criteria (paragraph 9), and rules for governance (section III).

³Paragraph 15 of the Instrument provides that the Council is to be responsible for developing, adopting and evaluating the operational policies for GEF activities.

Figure 1

POLICY AND STRATEGY CONTINUUM



- (b) **Strategy:** While the policy framework will deal largely with overarching goals and objectives, further work will be needed to define operational priorities and strategy in each focal area. Strategic guidance will emanate from the operational strategy papers currently being prepared (which will include the eligibility criteria and policies of the Conventions), will reflect guidance from the Scientific and Technical Advisory Panel (STAP), and will be approved by the Council. Operational Policy Guidelines (OPGs) elaborating upon the policies and strategies for purposes of day-to-day operations will be prepared by the Secretariat to guide its work and that of the Implementing Agencies.
- (c) **Programming:** Strategic programs and plans for operations in each focal area will show how program priorities will be met in the context of the operational strategy. A strategic program will be devised, and up-dated as necessary, for each program priority. Strategic programs and plans will be prepared by the Secretariat, with advice from STAP and in consultation with UNDP, UNEP and the World Bank, and will be submitted to the Council for approval. Country-driven project proposals will be considered in the context of the approved strategic programs.
- (d) **Operations:** Each Implementing Agency will, on the basis of its own procedures, internalize the OPGs. The annual report to Council will contain a summary of how each Implementing Agency has implemented the OPGs.

III. COUNTRY DRIVEN: A FACTOR THROUGHOUT THE PROJECT CYCLE

4. The Instrument provides that programs and projects are to be country-driven and based on national priorities designed to support sustainable development.⁴ Country driven should not be equated with country programming (i.e., the systematic programming of GEF resources at the country level through the development of medium-term GEF country programs.) In the long term, as resources for the GEF grow, it is likely that some form of country programming may be appropriate. However, there are compelling reasons for not doing so in the immediate future:

- (a) large country programming exercises can be both expensive and counterproductive if expectations for funding are not realized;
- (b) individual opportunities may arise that require immediate action (e.g., private sector investments) or specific urgent actions which would result in missed opportunities if they had to await programming exercises;
- (c) more thought is required at this stage on how other country-level environmental exercises can be coordinated (e.g. Convention-mandated country studies and reports,

⁴Paragraph 4 of the Instrument. Article 6 of the Convention on Biological Diversity and Article 12 of the Climate Change Convention also stress the need for national planning to implement the conventions.

national environmental action plans, sustainable development reports). GEF country programs would likely compete with and/or duplicate these other efforts, and it may be most cost effective to ensure that GEF efforts are coordinated with other programming activities rather than having the GEF assume a lead role in programming;

- (d) the Implementing Agencies are strengthening their efforts to integrate GEF global objectives into their country programming and sectoral work; and
- (e) GEF programming may give rise to *externalizing* action programs instead of identifying opportunities for *internalizing* GEF activities within the mainstream of national development programs.

5. A more useful definition of "country driven" would relate national priorities to the global priorities of the conventions. The conventions will establish policies and program priorities,⁵ and the GEF will develop operational strategies that show how these priorities can be translated into program and project concepts. To develop specific projects incorporating these concepts, countries and organizations would propose projects based on their identification of cost-effective opportunities to implement the strategies, thereby not only driving the GEF portfolio according to national priorities but also maintaining consistency with convention objectives.

6. With respect to the role "country driven" may play in the project cycle, two actions are proposed:

- (a) **develop country-driven indicators:** The Secretariat would develop indicators to assist, for any proposed program or project, in determining the extent to which the country driven objective had been met. An OPG would be issued and kept under periodic review as experience is gained and evaluated, and work on new indicators progresses. Indicators could include, inter alia :
 - (i) level and quality of dialogue with representative national groups;
 - (ii) government approval of project concept;
 - (iii) evidence that the proposed GEF activity was embedded within or linked to a national plan, strategy or program of national priorities;
 - (iv) documentation that broad-based national and/or local consultation within and external to the government had taken place on the proposed GEF activities; and

⁵Where there is no convention specifically naming the GEF to operate the financial mechanism, as in the case of international waters, the Council would assume this responsibility.

- (v) evidence that the project was not solely externally-driven either by an Implementing Agency, an executing agency, a donor or private sector interests but involved active participation of national groups.
- (b) test GEF country programming in a limited number of countries: It would be possible in a small sample of countries to test out the efficacy of country programming and Implementing Agency and executing agency co-ordination at the country level. Over the next three years this could be achieved in up to ten countries where multiple GEF activities (e.g., investments, technical assistance, scientific capacity building, research) are likely, where policy and institutional frameworks are conducive to such efforts, and where the Implementing Agencies believe that country level agency co-ordination and cooperation would be successful. Both UNDP and World Bank resident country staff (and where appropriate UNEP regional staff) would be directly involved in such an exercise.

IV. THE PROJECT CYCLE

7. Three broad phases are identified below and shown schematically in Figure 2:

Phase One: Project Concept to Joint Work Program Submission to Council;

Phase Two: Joint Work Program Approval by Council to Project Approval by Implementing Agency; and

Phase Three: Project Start-up to Project Completion.

Phase One

8. Phase One covers the period from the development of an initial project concept to the preparation and submission to Council of a work program. This is a critical phase since it defines the nature and scope of the portfolio. It includes three related steps:

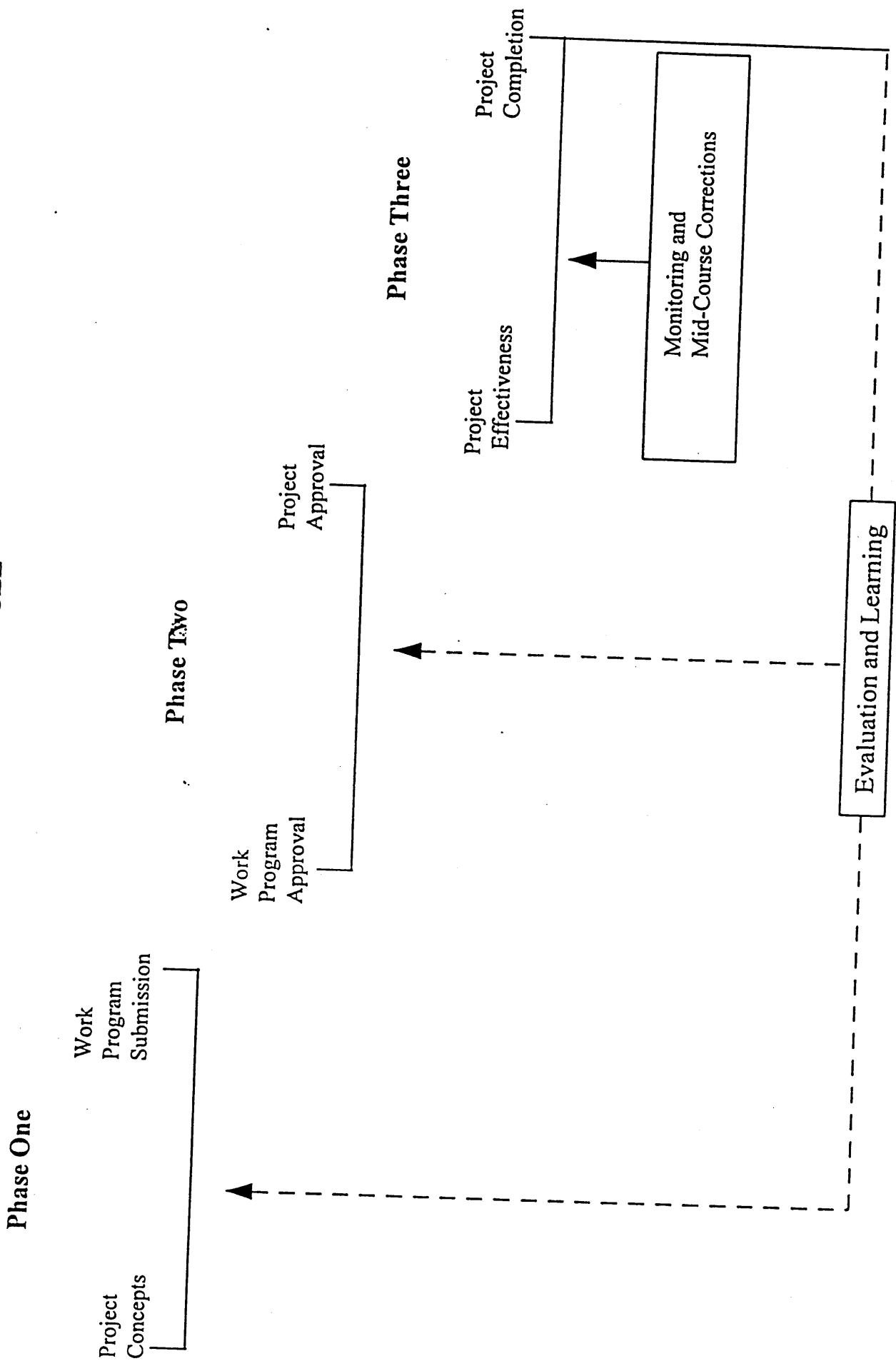
- (a) the identification and development of project ideas;
- (b) the pre-screening and preparation of projects; and
- (c) the procedures to be followed to provide high quality and timely project information in the work program submitted for Council consideration.

Identification and Development of Project Ideas

9. During negotiations on the restructuring of the GEF, there was widespread support for expanding participation and ownership in the project identification process beyond the three

Figure 2

PROJECT CYCLE



Implementing Agencies.⁶ Such support was based on the belief that the GEF could best fulfill its unique role if it were to be open to project concept ideas from a broad range of actors. Casting a wide net would provide the GEF with a wealth of project concepts from which to select those that would most likely fulfill the operational strategies and objectives approved by the Council. It must be recognized, however, that there are likely to be costs associated with reviewing an increased number of project concepts. It can be expected that a large number of unsolicited, and perhaps ineligible, project ideas will be submitted. The Secretariat and the Implementing Agencies will be undertaking additional consultations to develop a manageable and effective process for screening project ideas and for the distribution of Block A funds.

10. An important prerequisite for "casting a wide net" will be to raise the awareness among countries and potential executing agencies as to the purposes of the GEF and the process through which project concepts may be developed. National and regional consultations can serve to "educate" a wider audience as to the purpose and scope of the GEF. The Secretariat is also planning to prepare, in consultation with the Implementing Agencies, a basic information kit that will describe how a government or organization may apply to the GEF for financing to develop a project idea. The kit will include an explanation of the objectives of the GEF, a standard application form for seeking funds to develop project concepts,⁷ and information on how and where to submit applications. Such an information kit will be widely distributed through the Implementing Agencies, the Secretariat and the conventions. The UNDP Resident Representatives and World Bank Resident Missions will have a particularly important role to play in ensuring a wide dissemination of the information kits.⁸ The Secretariat will organize a project concept tracking system and will include in the annual report a list of project ideas submitted for consideration.⁹

⁶Paragraph 28 of the Instrument provides that "the Implementing Agencies may make arrangements for GEF project preparation and execution by multilateral development banks, specialized agencies of the United Nations, other international organizations, bilateral development agencies, national institutions, non-governmental organizations, private sector entities and academic institutions, taking into account their comparative advantage in efficient and cost-effective project execution."

The Independent Evaluation called for an expansion of the range of organizations eligible to execute projects to include the Regional Development Banks, United Nations agencies as well as governments and NGOs where they meet rigorous standards of competence in program areas for global environment.

⁷One advantage of a standard application format is that it would assist Implementing Agencies to screen project concepts.

⁸The evaluation noted:

The failure to take a more deliberative approach, which would have allowed time for explaining the unique characteristics of the GEF and more participation and ownership in the project identification process, has resulted in some confusion in the recipient countries about the way in which the GEF operates and delays in getting some projects under way. (page 96)

Inadequate attention has been given to explaining and discussing the objectives and criteria of the GEF with national and local organizations to lay the groundwork for the identification of projects. (page 114)

⁹Paragraph 31 of the Instrument.

Pre-Screening and Preparation of Projects

11. During the pilot phase each Implementing Agency developed its own project preparation funding mechanism. As the evaluation noted, this had a number of undesirable consequences such as lack of programmatic cohesion, poor oversight of resources, and lack of incentive to co-ordinate actions.¹⁰ Annex C of the Instrument foresees that the Implementing Agencies will collaborate with eligible countries in the identification of projects for GEF funding through a jointly operated Project Preparation Assistance Program.¹¹

12. It is proposed that a distinct **Project Development and Preparation Facility (PDF)** be created to provide funding when necessary to develop projects from the initial concept stage through to final design. The Secretariat would manage the PDF.¹² It is proposed that the PDF be funded from core GEF resources but that provision is made for other -- possibly bi-lateral -- contributions. Funding would be drawn down from the GEF trust fund as needed.

13. To ensure that adequate controls are in place the PDF would consist of three inter-related components, described below and shown schematically in Figure 3:

- (a) Block A - Each Implementing Agency would request from the Secretariat, on a bi-annual basis, funds for the development of project concepts based on their expectations of their forthcoming requirements. Within each Implementing Agency, these funds will be clearly identified for use in project concept development. Using these funds, an agency could provide initial funding up to \$50,000 to Task Managers or proposers of project ideas in order to enable them to develop these ideas, to undertake consultations on project concepts or to provide funding to potential executing agents both in and external to government to further elaborate promising proposals. Such funds would be disbursed at the discretion of each Implementing Agency, but the GEF Operations Committee will establish guidelines to assist the agencies in making a determination of which concepts to fund. Given the possibility that many applications may be received, it may be necessary to further streamline the award of Block A grants, especially with regard to project ideas emanating from outside the Implementing Agencies. The Secretariat will keep this under review as

¹⁰The evaluation recommends:

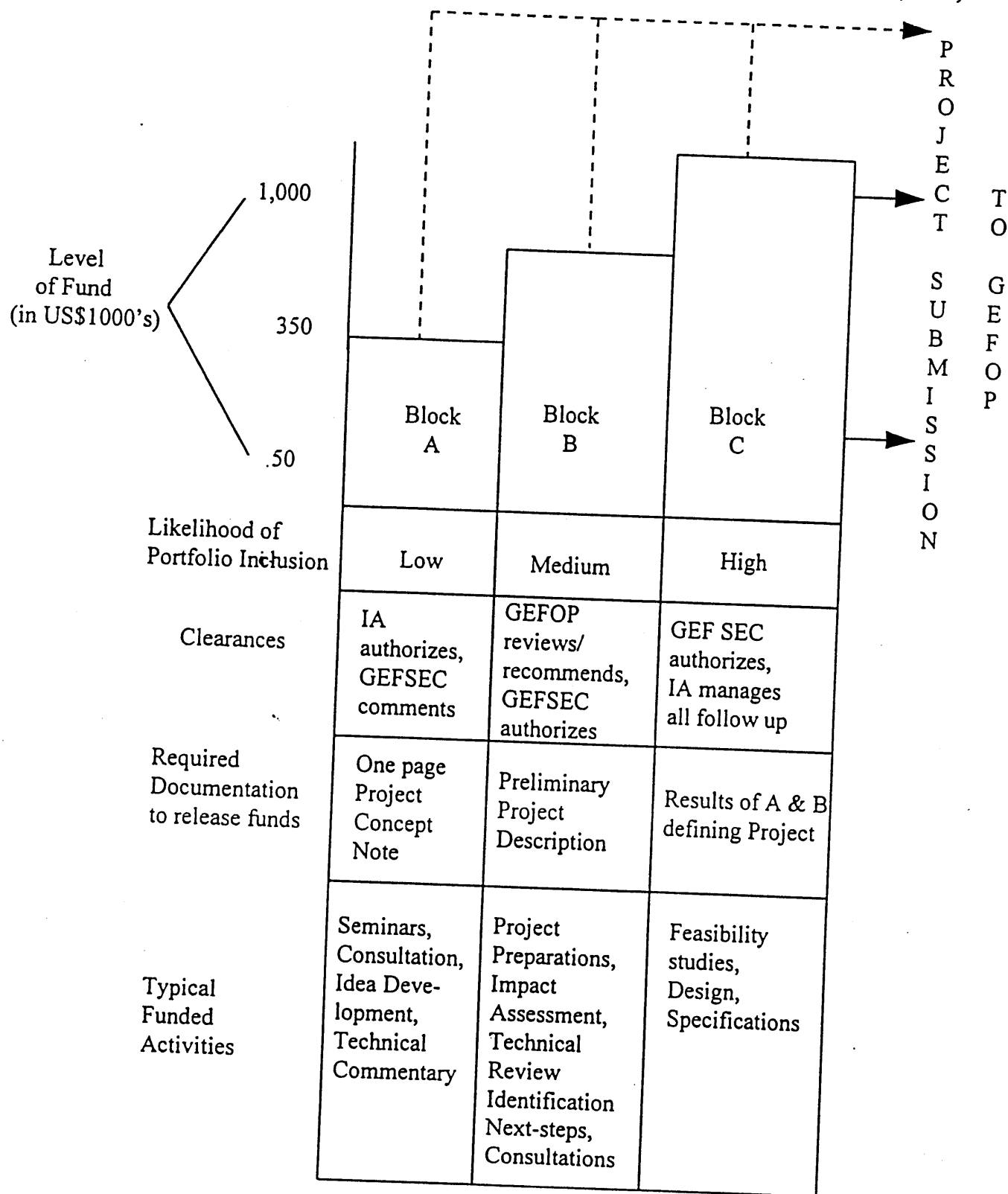
A greater degree of accountability for the draw down of GEF pre-project funding should be introduced into the GEF programming system. The GEF Secretariat should issue guidelines on the use of GEF funds for pre-project purposes that would indicate (a) the nature of pre-project activities that will be reimbursed; (b) the funding ceiling for these activities; (c) the information that should be submitted, along with the Brief, to justify the pre-project expenditures. (page 117)

¹¹Annex D, paragraph 6, of the Instrument.

¹²One aspect of this is that the Secretariat will need to be pro-active in advising, in a timely manner, Implementing Agencies on the estimated size, distribution and relative priority for upcoming work programs.

Figure 3

PROJECT DEVELOPMENT AND PREPARATION FACILITY (PDF)



experience is gained. All project ideas would be logged with the Secretariat which could also offer, on an informal basis, advice and commentary;

- (b) Block B - After initial funding under Block A, the Implementing Agency will decide whether a project idea is sufficiently promising so as to continue with GEF financing. Funding up to a maximum of \$350,000 would be permitted in this second step to enable promising project proposals to be prepared further. In order to obtain such funds, the Implementing Agency would prepare, in a standard format, a brief description of the project and a request for additional funding. The brief would be reviewed by an interagency committee (the GEF Operations Committee (GEFOP), see paragraph 17 and 18 below). Such review which would consider the proposed projects' general eligibility, conformity with operational strategies and strategic programs and plans (see paragraph 3 above), and, where appropriate, would provide strategic and technical commentary. Should such review be supportive, the GEFOP would recommend to the Secretariat the release of second stage funding. Project briefs could be prepared at the end of this stage for many projects; and
- (c) Block C - Some projects may require more funding than provided under Block B. Larger, more complex infrastructure projects may need feasibility work, engineering and technical design and preparation of specifications. Other projects may need more elaborate work on consultation, impact assessment and attention to social issues. In this third stage, funding of up to a maximum of \$1 million would be provided for further detailed work before projects are submitted for inclusion in the joint work program. For a project to be eligible to receive Block C funding, there must be a high likelihood that it will be acceptable to Council. The Implementing Agency would decide whether Block C funds are required and would request approval of such funds by the Secretariat which would assess the project's continued viability in light of portfolio requirements and likely Council views on priorities.

14. For many projects, especially in the technical assistance field, Implementing Agencies may decide to move immediately after Block A or B funding to proposing that the project proposal be included in the joint work program. In submitting project briefs for consideration in the joint work program, the Implementing Agency will be required to submit a report on how the project preparation financing was used. Financing for Block B and C would be considered as part of the total cost of the project.

15. More work is needed to prepare and implement the above system. Standard formats for reporting will need to be developed, and clear guidelines prepared on allocation of Block A funds to the Implementing Agencies, selection of project ideas to receive project development funds, documentation, information availability, and policies and procedures to ensure wide access to funds. In addition, clear rules guiding eligible expenditure items will be required to assist the Implementing Agencies in determining those expenditures to include under the PDF and those to include under their administrative budgets. Even in its skeletal form, the advantages of this approach would appear considerable:

- (a) it would open the GEF's preparatory resources to a wide array of potential clients;
- (b) it would help in screening out unsuitable proposals early in the project cycle before large funds had been committed;
- (c) it would assist in portfolio management, quality assurance in terms of well prepared projects, and the development of a robust pipeline of activities;
- (d) it would provide the basis for a transparent system of documenting project proposals;
- (e) it would provide a good information base to assist the Secretariat in advising Implementing Agencies on the likely size and composition of upcoming work programs; and
- (f) it should assist in better cost controls with respect to operational overhead and project preparation funds by ensuring that direct preparation costs currently absorbed in the administrative budgets of the Implementing Agencies would be transparently recorded as project development costs. This should also lead to lower administrative costs.

16. If the Council approved this approach it should be possible to have it under implementation within two months, with an initial allocation of \$15 million and subsequent replenishments will be included in future work programs. In addition, it is recommended that after its first year of operation, the PDF should be evaluated and the report on the evaluation submitted to the Council for its review.

Procedures under Phase One

17. Considerable experience has been gained during the pilot phase on preparing projects for inclusion in the joint work program. If the proposed project preparation scheme is adopted, it should be possible to simplify the number of steps required to develop a project description for inclusion in the joint work program. Few substantive procedural changes are envisaged, other than the creation of a GEF Operations Committee (GEFOP), to replace the Implementation Committee of the pilot phase, but the steps should be streamlined, while at the same time, efforts should be made to minimize additional requirements to the normal procedures of the agencies. It should be noted that if the Council in its discussion of STAP were to approve an additional role for STAP in the project cycle, this will need to be appropriately incorporated in the procedures.

18. As provided in the Instrument,¹³ GEFOP will be chaired by the Secretariat. Its composition, role and mandate will be described in an OPG. Representatives of the Implementing Agencies and Secretariat staff will be regular members of the GEFOP. A representative of STAP may also be invited to attend GEFOP meetings. Representatives of RDBs, UN specialized agencies and other executing agencies will be invited to GEFOP meetings as appropriate; i.e., whenever a meeting is to discuss a project or activity in which the executing agency is involved.

¹³Paragraph 21(e) and Annex D, paragraph 14(b) of the Instrument.

19. The proposed steps, based on document preparation, are shown schematically in Figure 4¹⁴ and include:

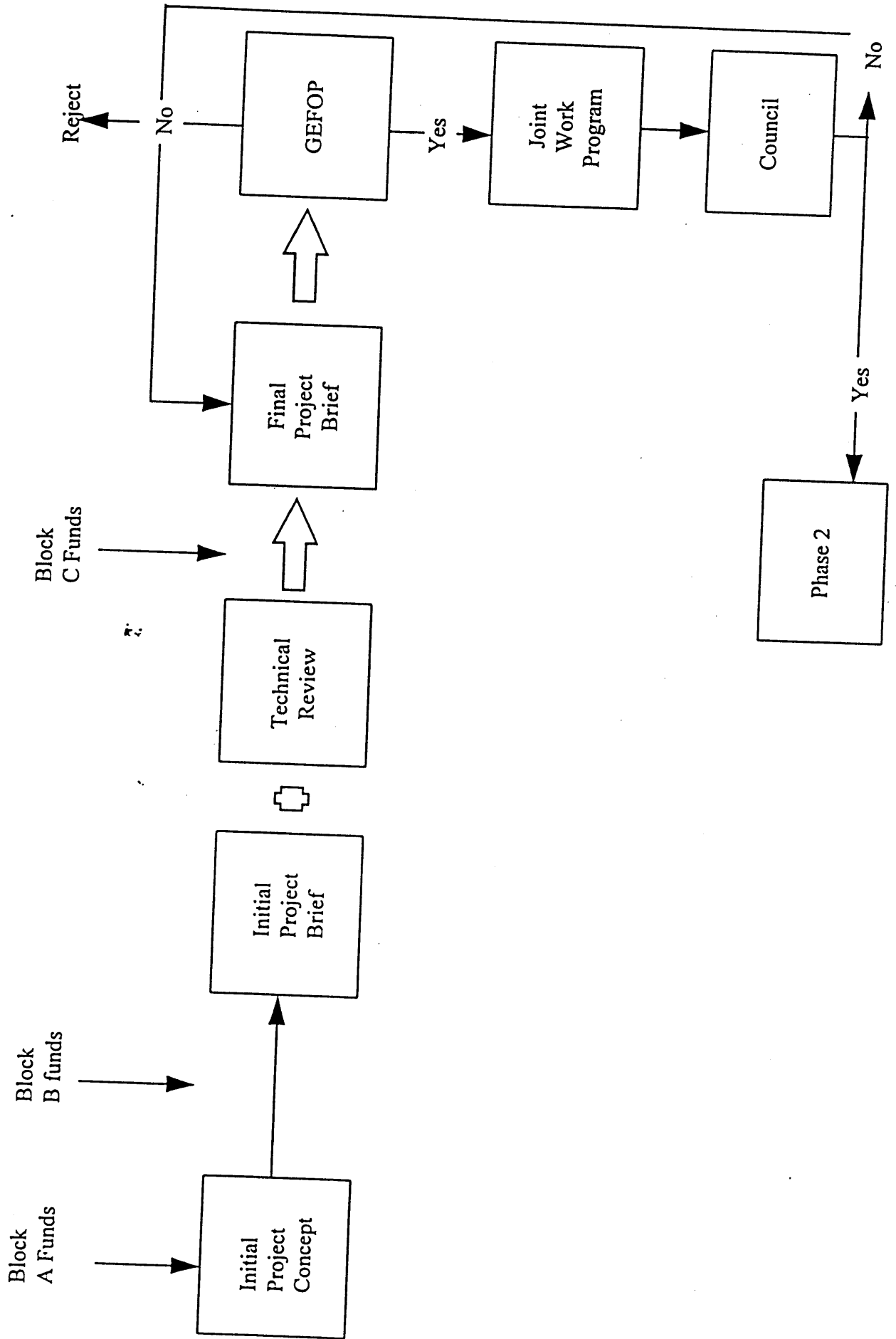
- (a) **Initial Project Concept** - a one page summary of a proposed project concept will be drawn up by the Implementing Agency and submitted to Secretariat for information.
- (b) **Initial Project Brief** - This would normally be developed once a clearer indication of the project content and rationale was established. It would be used either internally by the Implementing Agency or submitted to the Secretariat in order to receive PDF Block B funds.
- (c) **Technical Opinion** - Implementing Agencies would seek the advice of at least one technical expert on the project brief. That expert would be drawn from the STAP roster. Where appropriate, technical comments would be integrated into project design.¹⁵
- (d) **Final Project Brief** - Implementing Agencies would submit to the GEFOP a final project brief together with the technical opinion. The brief would include basic information on: project description, project rationale, level and rationale of GEF financing, document key steps including consultations, and provide estimated total costs and financing plan including GEF allocation to cover incremental costs. A report on how PDF funds were used would also be submitted.
- (e) **GEF Operations Committee (GEFOP)** - In light of the advice provided by the Secretariat to the Implementing Agencies with respect to size and distribution of upcoming work programs, the GEFOP would meet to review project proposals. In its review, account would be taken of: ensuring conformity with agreed priorities, contributing to program cohesion, especially within countries and/or regions, and ensuring that all key steps had been taken, especially with respect to consultation at the national and/or local level. The GEFOP would recommend a set of project proposals for inclusion in the joint work program for onward transmission by the CEO to Council.

¹⁴It should be noted that PDF resources may not be needed for the development of all project briefs. In some cases, executing agencies or other organizations may wish to seek PDF resources as part of a cost sharing arrangement to finance project development.

¹⁵Options for the technical review of projects is also discussed in the paper on STAP. If the Council were to decide that STAP should play a role in the review of project documents, this would need to be reflected in this step of the project cycle.

Figure 4

PHASE ONE



- (f) **Joint Work Program** - The Secretariat would ensure the preparation of project proposals in a common format for submission to Council as part of a joint work program to be approved by the Council¹⁶.

Phase Two

20. Phase Two represents the period between Council approval of a project proposal in the work program and its further development for approval by an Implementing Agency. Each Implementing Agency will follow its own procedures during phase two. However, there appears to be general consensus that streamlining of internal Implementing Agency procedures is needed to shorten the time between approval of the project proposal by the Council and actual project implementation. It is anticipated that the emphasis now placed upon project preparation, including consultation, will result in projects being better prepared at the time of inclusion in the work program. This should significantly reduce the lag that existed in the pilot phase between work program approval and project approval.
21. The Secretariat will play a relatively minor role during this step of the project cycle. It will:
- (a) bring to the attention of Implementing Agencies any new information that may be relevant to the processing of a project as well as receive from the Implementing Agencies any information that may be relevant to the design or approval of GEF projects;
 - (b) maintain a register, for information, of expected approval dates of projects; and
 - (c) as noted in the Instrument, GEF projects will be circulated to the Council and subject to endorsement by the CEO before final project approval by an Implementing Agency¹⁷.
22. Each Implementing Agency will follow its own project approval procedures. These are summarized below:
- (a) **UNDP**
 - (i) final project document prepared by UNDP, taking into account views expressed by the Council;
 - (ii) project document submitted to CEO for circulation to Council and for CEO endorsement;

¹⁶There is as yet no decision regarding the role that NGO consultations might play in the project cycle. It is possible that the Council might request that NGO consultations be held immediately prior to regular Council meetings. In such event it would be possible to include a step immediately prior to Council meetings when NGOs could review and provide comment to the Council on the work program.

¹⁷Paragraph 30 of the Instrument.

- (iii) project document presented to UNDP Programme Review Committee (PRC) for approval;¹⁸
 - (iv) project document circulated to Government and/or executing agency for signature.
- (b) UNEP
- (i) full project document prepared by relevant UNEP office, taking into account views expressed by the Council, and circulated in-house for comment;
 - (ii) project document submitted to CEO for circulation to Council and for CEO endorsement;
 - (ii) if funding requested is under or up to US\$100,000, project may be approved by the Chief, Fund Programme Management Board;
 - (iii) if funding requested is over US\$100,000, project document submitted to UNEP's Project Review Committee (PRC) for review and recommendations concerning approval;¹⁹
 - (iv) projects favorably recommended by PRC will be forwarded to the Executive Director for approval;
 - (v) for projects that will be executed externally, the project document will be sent to the executing organization for signature before it is signed on behalf of UNEP;
- (c) World Bank
- (i) Project Review Meeting A final project summary document (Final Executive Project Summary (FEPS)) is prepared for internal discussion within Bank. Objective is to ensure compliance with appraisal conditions and to review technical, social, financial and economic aspects.
 - (ii) Approval to Appraise A revised FEPs and the minutes of the project review meeting are submitted to the appropriate Regional Vice President for guidance and approval to appraise.

¹⁸If the PRC recommends substantive changes in project design with respect to GEF-financed activities, than UNDP will resubmit the revised final project document to CEO in accordance with step (ii).

¹⁹If the PRC recommends substantive changes in project design with respect to GEF-financed activities, than UNEP will resubmit the revised final project document to CEO in accordance with step (ii).

- (iii) Appraisal Meeting with government and borrower to agree on project's scope, content, costs, and financing, as well as on arrangements for implementation, procurement, disbursement, auditing, monitoring and evaluation.
- (iv) Post Appraisal After approval two processing steps are followed: (i) technical, legal and internal peer review to ensure conformity with FEPs and provide additional comments and (ii) management review of the full package of documents (legal, project document, invitation to negotiate) required to initiate negotiations.
- (v) Internal clearance prior to final approval Regional Vice President reviews and clears documents.
- (vi) Submission to CEO Project document submitted to CEO for circulation to Council and for CEO endorsement.
- (vii) Final approval Precise modalities for approval of GEF projects are under consideration by the World Bank Management and the Executive Directors.

23. Regional Development Banks and other executing agencies which collaborate with the World Bank will generally follow their own project approval procedures.²⁰ However, arrangements between the RDB's and executing agencies and the Bank will provide for joint review with the Bank at key stages in the project cycles of the former.

Phase Three

24. Phase three represents the period following Implementing Agency approval of a project. This step includes project start-up, implementation and completion. Emphasis should be given to expeditious start-up, monitoring and supervision including mid-course corrections if required, portfolio and project implementation review, and evaluation. The key components of Phase three include:

- (a) Supervision and Monitoring;
- (b) Project Implementation Review (PIR); and
- (c) Systematic Evaluation.

²⁰As with the Implementing Agencies, an RDB or executing agency will submit the final project document to the CEO for circulation to the Council and subsequent CEO endorsement before proceeding to final project approval within the RDB or agency.

Supervision and Monitoring

25. Supervision will remain largely within the Implementing Agencies and will be consistent with each Implementing Agency's usual procedures. As part of its broader work on administrative costs the Secretariat will develop cost indicators to help establish reasonable overhead norms for project supervision²¹. The Secretariat's role will be limited to:

- (a) receiving periodic supervision reports on GEF projects and/or GEF-funded components of projects from Implementing Agency and, if required, collaborating with the Implementing Agencies to ensure mid-course corrections in the project; and
- (b) maintaining a project monitoring system to track project progress and disbursements.

Project Implementation Review (PIR)

26. It is proposed that once a year the Secretariat should review (where appropriate, with Implementing and executing agencies) the status of the portfolio. Each project would be reviewed to determine: status of implementation, progress towards objectives, project modifications, and an assessment of potential problems. The PIR would occur prior to the preparation of the GEF annual report and its findings summarized in that report.

Systematic Evaluation

27. The Instrument provides that the Council will ensure that GEF policies, programs, operational strategies and projects are monitored and evaluated on a regular basis. As noted in the proposed work program of the Council (document GEF/C.1/2) a paper on the full range of Monitoring and Evaluation activities in the GEF will be submitted for Council consideration in April 1995.

28. The organization of an evaluation system will be considered in the proposed paper on monitoring and evaluation²². The system will need to be designed to contribute effectively to organizational learning, transparency and accountability as well as to provide input to the GEF's

²¹This would be included as part of the broader work included under the Administrative Cost paper.

²²Following brief consultations with the Pilot Phase Evaluation team and its management, such a system would need to consider:

- (i) evaluation methodology (including participatory approaches);
- (ii) supervision standards and portfolio reviews (as noted in paragraph 27) and project performance audits;
- (iii) impact evaluation criteria and guidelines on how to build monitoring and evaluation directly into project design;
- (iv) the development of performance indicators;
- (v) the development of a basic project tracking system (as noted in paragraph 26); and
- (vi) specific project evaluations;
- (vii) special topic evaluations; and
- (viii) periodic overall evaluation of GEF.

strategic planning and policy agenda. Lessons learned from the evaluation process should contribute to the operational strategies, the project cycle, and the development of specific project activities. In addition, while GEF evaluations should be distinct, they should also be clearly connected to the Implementing Agency's portfolio management practices. The importance of independent evaluation must also be recognized explicitly, and this will affect the role(s) of the Secretariat and the Implementing Agencies in conducting evaluation work. Clear guidance will also need to be developed with respect to an evaluation disclosure policy, publications and dissemination program. However, the presumption will be that all final evaluation documents will be public documents. Once approved by the Council, a substantive monitoring and evaluation system in which project outcomes are carefully tracked will be implemented.

V. CONSULTATION AND PARTICIPATION IN THE PROJECT CYCLE

29. During the pilot phase, procedures to ensure consultation and participation of affected peoples and communities in the GEF project cycle was not well articulated²³. There were no GEF procedures governing this critical aspect of the project cycle although broad-based NGO consultations prior to Participants' meetings took place; national consultations including project-level reviews did occur on an ad hoc basis, and the GEF did sponsor a limited number of regional and national seminars. Within the normal procedures of the Implementing Agencies, relevant policy work was being developed during this time period from which GEF pilot phase projects have benefitted.

30. What is now needed is assurances that consultation and participation will be an integral part of the mainstream of all GEF operational work; to establish minimum criteria and guidance to ensure that "listening and learning" from affected people becomes a standard and integral part of the GEF's project cycle; and to develop pragmatic "feedback loops" to ensure that local concerns can be traced and acted upon effectively at the project level.

31. As part of their regular policy development, particularly with respect to biodiversity, both UNDP and the World Bank have work underway on preparing guidelines on consultation and participation. Each of the Implementing Agencies will be requested to submit to the Council, through the Secretariat, information on its present policies and practices. The GEF should build upon much of this useful work, calling for the GEF to ensure the application of relevant policies in all GEF activities and, if necessary, tailoring the policies to more specifically meet GEF requirements. Guidelines will be developed by the Secretariat that may include:

²³The Independent Evaluation noted:

Arrangements for project development from the first brief to the final design do not provide for systematic and structured participation - the consultations that are reported as promoting participation tend to be perfunctory in character and confused about purpose. (page 114)

There is an obvious need for more guidance from the implementing agencies on the technical processes that need to be followed to ensure community involvement and on the kinds of skills that should be recruited for design and implementation teams to help install and monitor this process. (page 116)

- (a) methodologies for social and environmental assessments to identify stakeholders and issues;
- (b) consultation and participation throughout the project cycle, including during the key stages of project preparation and implementation;
- (c) culturally appropriate communication with locally affected populations and other stakeholders;
- (d) reporting on consultations and means to ensure document access (hard copies, electronically etc.); and
- (e) means to ensure "feedback" on project progress.

32. In addition, relevant guidelines required within each Implementing Agency for its normal business would be followed.

33. It will also be important to link the work on consultation and participation with evaluation. Periodic workshops, client assessment surveys, and other means of identifying "best practices" will become standard practice in the GEF. (See Figure 5)

VI. INFORMATION AND DOCUMENTATION

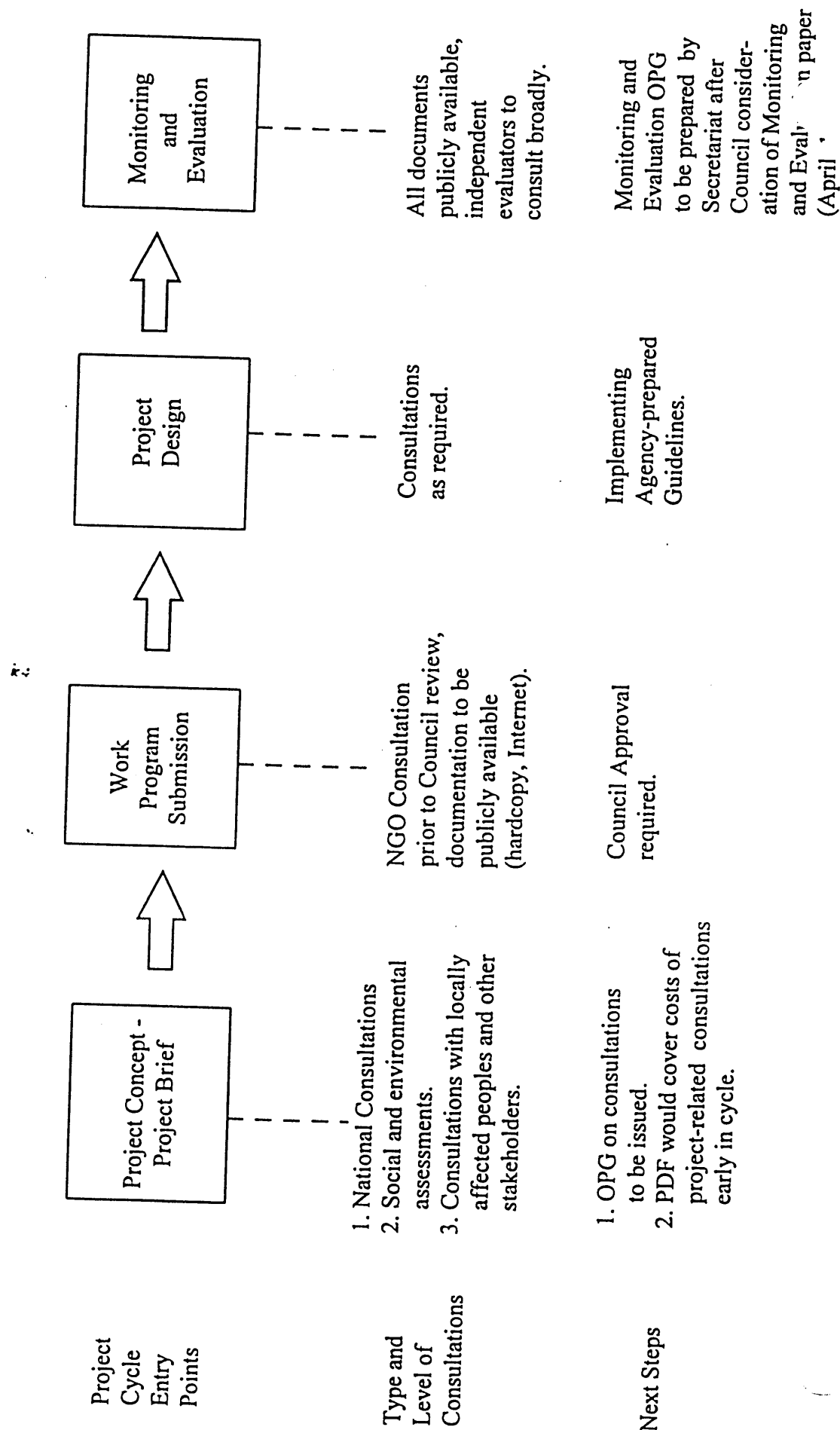
34. During the pilot phase the GEF implemented an open policy toward document access. This will be continued and codified in terms of an OPG on information availability. The presumption, as in the pilot phase, will be towards openness and full disclosure. The following GEF project documents should be available publicly:

- (a) **Preparation Phase:** Final Project Brief (including technical review), the proposed joint work program, the approved summary report of Council meetings, and final project document,
- (b) **Implementation:** Project implementation reviews, and
- (c) **Evaluation:** All GEF evaluation documents.

35. In addition, relevant information on the project would be made available in the context of local and/or national consultations.

Figure 5

EXPECTED CONSULTATIONS IN GEF PROJECT CYCLE



36. Once the OPG on information availability is released further work to ensure its effective implementation will be needed. Where appropriate all documents will be uploaded to widely used electronic bulletins such as EcoNet. Other means to ensure widespread distribution will be pursued.

37. Since the Implementing Agencies may be providing some or all of the non-incremental costs of projects, information on associated projects will be provided by each Implementing Agency under its own policies. These policies are annexed to this document.

VII. PERIODIC REVIEW OF THE PROJECT CYCLE

38. The GEF project cycle should not be seen as a static instrument for developing and implementing GEF projects. Rather, continuous updating and revision is likely to be needed as learning and evaluation leads to improved practices. The Secretariat will convene periodic meetings of Implementing Agencies, STAP and others as needed to review progress in implementing the project cycle and will bring to the Council's attention any suggested improvements and/or modifications. In particular, the Secretariat will monitor the first year of operations of the PDF and report to the Council on its performance.

VIII. CONCLUSIONS AND RECOMMENDATIONS

39. The Council is invited to review the steps outlined above, and to:

- (a) approve the basic steps of the project cycle; and
- (b) approve the establishment of the PDF with an initial allocation of \$15 million.

ANNEX ON IMPLEMENTING AGENCIES' INFORMATION POLICIES

UNDP

Information Disclosure

1. Within the context of GEF, UNDP's policy is to ensure full public access to documentary information on all of its GEF projects.
2. "Documentary information" on each project includes:
 - (a) The GEF project brief.
 - (b) The GEF external technical review.
 - (c) Comments on the project by the GEF Scientific, Technical and Advisory Panel (STAP)
 - (d) The minutes of the Implementation Committee meetings(s) at which the project was discussed.
 - (e) Project Appraisal Committee (PAC) meeting minutes.
 - (f) The Action Committee brief.
 - (g) The Project Document, including the required Environmental Overview of Project and Management Strategy, a new requirement for all UNDP projects, for which training is currently in process.
 - (h) The Annual Project Performance Evaluation Report and Tripartite Project Review (PPER/TPR)
 - (i) The Mid-term Evaluation Report.
 - (j) The Final Evaluation Report.

All of the above are available upon request. Evaluation reports will be released only with the concurrence of the GEF Participants.

3. To implement this policy of full information disclosure more efficiently, the appropriate Regional Bureaux and/or project personnel will immediately supply one copy, suitable for reproduction, of each of the above documents for each GEF project in their area of responsibility to a central information unit in the GEF Executive Coordinator's office. This unit will be responsible henceforth for responding promptly to all GEF-related requests from NGOs, or any other segment of the general public, received by the GEF staff or any other Headquarters unit. Project documentation and inquiries should be directed to the GEF Information Officer, Global Environment

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Facility (GEF), UNDP, One United Nations Plaza, New York, N.Y. 10017 (Tel: 212-906-6112; Fax: 212-906-6998).

4. Given the decentralized nature of UNDP's operation, UNDP's Field Offices will also develop a "public information file", comprised of the documents listed above, on each local GEF project and will respond to requests for such documents.

5. A more important step at country level will be to convene periodic national and subnational "briefing sessions" on the GEF, involving appropriate government and agency officials, to which representatives from NGOs and NGO networks, peoples associations, the media and others from the general public are invited. Support for such informational sessions will be provided by the GEF Administrator's Office and UNDP Field Office and Headquarters staff, including the GEF central information unit.

Project Documents

6. GEF project documents will not be reviewed, nor acted upon by, a Project Appraisal Committee (PAC) or the Action Committee unless they have been developed in accordance with the procedures outlined above and include adequate provision for future community consultation and NGO participation, presumably in Sub-Section 4, "Project strategy and implementation arrangements", or Section B, "Project Justification."

UNEP

Introduction

This Note has been approved by UNEP's Management Committee on 2 September 1993 as an interim measure for the sole purposes of UNEP's participation in the GEF, pending approval of an agency-wide directive. This note is subject to revision by the Management at its discretion.

(a) Availability of information

- (i) It is UNEP's policy to adopt procedures that promote and ensure transparency in operations and openness in consultations with governments, non-governmental organizations, and the general public. The public shall have access, upon written request, to UNEP documents, provided they are not exempted from disclosure according to the provisions of this Note. These include: (i) Logbook; (ii) New Project Ideas Register; (iii) project briefs; (iv) project summaries; (v) appraisal reports by staff; (vi) project documents; (vii) environmental impact assessments; (viii) scientific and technical comments and reviews of GEF projects; (ix) project completion reports; (x) evaluation reports; (xi) minutes of decision-making meetings, including of all Scientific and Technical Advisory Panel (STAP) and Implementation Committee (IC) meetings; (xii) publications prepared by STAP, including its reviews of projects and reports to Participants; (xiii) operational directives and procedures regarding UNEP's participation in the GEF, including those on administration, and project development and management, and any other documents not exempted from disclosure according to the provisions of this Note.
- (ii) Unclassified information, documents and records which have previously been provided to the public as part of the normal services of UNEP will continue to be made available on the same basis as before. These include all public information material. Any UNEP officer who receives a request for documents through normal channels of contact with governments, the public and the media, which would not normally be made available, shall advise the requester that the request will be referred to the GEF Unit for processing under the provisions of this Note.

- (iii) All identifiable documents shall be made available to governments, the public and the media upon compliance with the procedures established in this Note, except to the extent that a determination is made to continue withholding documents in accordance with an appropriate exemption as provided in this Note.
- (iv) When UNEP receives a request for information on a document or correspondence that originated from a government or another public international organization, it shall consult the government or international organization and, if appropriate, refer the request to that government or international organization. The requester shall be informed of this procedure.
- (v) In response to a request for a document that is exempted from disclosure, UNEP will not refuse to confirm the existence or non-existence of the document, unless the fact of its existence or non-existence is itself exempt from disclosure.

(b) **Requests for information**

- (i) Requests for identifiable records in accordance with this Note may be made in person during regular business hours at UNEP Headquarters, Gigiri, Nairobi. The GEF Unit shall provide the necessary forms for making a request. Requests may also be made at the UNEP GEF Office in Washington, DC.
- (ii) Requests by mail, telephone, fax, or electronic-mail should be addressed to the GEF Unit, UNEP, P.O. Box 30552, Nairobi, Kenya, telephone 254-2-621234, fax 254-2-520825, 226886, 226890, and e-mail address via mpyhala@worldbank.org or pyhala@un.org. In addition, requests may be directed to the Associate Programme Officer (GEF/STAP), UNEP/GEF-Washington, 1889 F Street NW, Washington, DC 20006, telephone 202-289-8456, fax 202-289-4267 and 202-789-2122, and e-mail via EcoNet to rkhanna.
- (iii) For the request to be processed, it must describe the material sufficiently to enable a professional employee of the GEF Unit who is familiar with the subject area of the request to locate the document with a reasonable amount

of effort. Whenever a request does not reasonably describe the information, the requester shall be notified that unless additional information is provided, or the scope of the request narrowed, no further action will be taken. The burden of adequately identifying the document requested normally lies with the requester. Individuals and governments may seek assistance regarding any facet of their requests from the GEF Unit in UNEP-Nairobi or the Associate Programme Officer (GEF/STAP) in UNEP/GEF-Washington.

(c) **Public reading facilities**

- (i) Routine GEF documents (such as public information material, minutes of STAP and the IC, STAP Chairman's Reports, GEF Chairman's Reports, STAP reports and papers, STAP Roster of Experts, STAP Criteria for Eligibility and Priorities for Selection of GEF Projects, UNEP's GEF Logbook and new projects register, List of UNEP's GEF and STAP Documents Routinely Available to the Public, project documents) shall be made available to the public at UNEP's HQ Library in Nairobi and all out-posted offices where public reading facilities exist. Fees shall not be charged for access by the public to such facilities, but fees in accordance with this Note may be charged for furnishing copies of the documents.
- (ii) UNEP shall post on the EcoNet electronic mail and conference network this Note, as well as all routine UNEP and STAP GEF documents and a list of such documents, on a regular and timely basis. Documents may also be placed on other networks as technically feasible.

(d) **Time limits and extension of time limits**

- (i) Whenever possible, UNEP will furnish the requested document within 15 working days of receipt of the request by the GEF Unit in Nairobi or the Associate Programme Officer (GEF/STAP) in Washington.
- (ii) While every effort will be made to meet the time limits cited in this Note, unusual circumstances may arise which would necessitate the extension of these time limits. Extension shall be granted in those instances where it is necessary, in order to guarantee proper processing of the request, to:

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- a. Search for and collect the requested documents from out-posted offices or other organizations that are separate from UNEP;
- b. Search for, collect, and appropriately examine a voluminous amount of separate and distinct documents which are demanded in a single request; or,
- c. Consult with a government or another international organization having a substantial interest in the determination of the request or among two or more units of UNEP having substantial subject matter interest therein. Such consultations shall be conducted with all practicable speed. In such instances, the requester shall be given written notification by the GEF Unit of the extension of the time limit and the reason for such extension.

(e) Fees

- (i) *UNEP may charge a fee of \$0.10 per page for copies of documents which are identified by a requester and reproduced at the requester's request, except that there will be no charge for requests involving costs of \$1.00 or less.
- (ii) Remittance shall be in the form of a personal cheque, bank draft, postal money order or cash. The remittance shall be (i) payable to UNEP in a convertible currency or Kenyan Shillings, and mailed to the GEF Unit, UNEP, P.O. Box 30552, Nairobi, Kenya, or (ii) payable to UNIC in U.S. Dollars and mailed to UNEP/GEF-Washington, 1889 F Street NW, Washington, DC 20006. UNEP will assume no responsibility for cash sent by mail.
- (iii) A receipt for fees paid will be given only upon request.
- (iv) The fee may be waived at the discretion of the GEF Unit when the records are requested by a government (especially of countries eligible for GEF funding), a public international organization, or organizations and individuals from countries eligible for GEF funding, and the documents are for purposes that are in the public interest and will promote the objectives of the GEF and UNEP.

(f) Exemptions

- (i) The following categories of documents may be exempted from disclosure:
 - a. Information provided and correspondence to UNEP by a government or international organization of governments in the expectation, express or implied, that the information and correspondence are to be kept in confidence.
 - b. Records related solely to personnel files under internal rules and practices of UNEP.
 - c. Records relating to the employees of UNEP, including performance evaluation records.
 - d. Records of trade secrets and commercial or financial information obtained from a person and privileged and confidential.
 - e. Records such as personnel and medical files and similar files the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.
 - f. Drafts of correspondence, documents, agreements, memoranda, discussion papers, briefing material, or electronic mail messages.
 - g. Correspondence, memoranda, and messages of a deliberative nature prior to finalization of documents and agreements, or to decisions on policies, positions, submissions, procedures and regulations.
 - h. Identity of independent technical reviewers of GEF projects.
- (ii) The requester of the document shall be informed of the reason(s) for exempting from disclosure the information requested.
- (iii) Any reasonably segregable portion of a document shall be provided to any requester after deletion of the portions which are exempt under paragraph (a) of this section. Normally a portion of a document shall be considered reasonably segregable when segregation can produce an intelligible document which is not distorted out of context and does not contradict the document being withheld.

(g) Appeals

- (i) UNEP's decision to exempt documents from disclosure may be appealed to the Executive Director of UNEP, P.O. Box 30552, Nairobi, Kenya (Fax: 254-2-226895). The Executive Director may convene a GEF Information Appeals Committee, which shall consist of the Deputy Executive Director, Chief of the Information and Public Affairs Branch, Director of the Environmental Law and Institutions PAC, Chief of Administrative Service, and Chief of the GEF Unit. The Executive Director may invite other senior managers when appropriate and necessary.
- (ii) Appeals should contain as much information and documentation as possible to support the request for reversal of exemption.
- (iii) The requester will be notified within thirty working days from the date on which UNEP received the appeal.
- (iv) *UNEP may decline to review again any request for documents which has been reviewed within one year and denied.

WORLD BANK

Application of the Bank's Disclosure Policy to Projects under the Global Environment Facility

1. The states participation (the Participants) in the Global Environment Facility (GEF) have indicated that activities under the GEF should be carried out in a transparent manner. With full information available promptly. As the trustee of the Global Environment Trust Fund and as an implementing agency of the GEF, the Bank is accountable to the Participants, and its policy of openness about projects and other GEF-related activity is consistent with their wishes. This annex sets out how the Bank's policy on and procedures for disclosing operational information²⁴ apply to projects financed or cofinanced from GEF trust funds, including Montreal Protocol projects financed through the Ozone Projects Trust Fund.²⁵

Disclosure and the Project Cycle

2. A GEF Project Information Document (GEF-PID) is prepared for projects financed or cofinanced from GEF trust funds. The GEF-PID, a factual summary of the main elements of the evolving project, gives particular attention to the environmental issues and concerns the project will address.²⁶ The GEF-PID serves both as the Bank's decision-making document for GEF-funded projects and as the information document that interested parties may obtain through the Bank's Public Information Center (PIC).²⁷

3. When the GEF Implementation Committee includes a project in a work program for the GEF Participants' review, it provides the following documentation for the Participants' meeting: the GEF-PID, with the associated reference sheet of project selection criteria and reviewers' opinions; and the Report of the GEF Chairman, which includes (a) a summary of the status of the projects in each work program reviewed by the Participants at earlier meetings, (b) minutes of the Implementation Committee meeting for the work program under consideration, (c) financial reports, and (d) a statement by nongovernmental organizations (NGOs) to the Participants. All the documents for the Participants' meeting are made available to the Bank's executive directors, recipient countries, other

²⁴"Bank" includes IDA. The United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP), which together with the Bank are the implementing agencies under the GEF, have their own policies on disclosure of information.

²⁵Processing of GEF projects is described in OD 9.01 *Procedures for Investment Operations under the Global Environment Facility*.

²⁶See GB 17.50 for a sample GEF-PID.

²⁷The PIC is described in BP 17.50, Annex B.

development institutions, and NGOs. The Bank also sends these documents to the PIC, through which interested parties may obtain them.

4. Following the Participants' meeting, any updates to the GEF-PID and any technical annexes to the Memorandum of the Director (MOD) are sent to the PIC, through which interested parties may obtain them.

5. The Invitation to Negotiate includes a statement that it is the Bank's policy to release the MOD after the project is approved. The Invitation to negotiate also requests that the prospective GEF grant recipient's negotiating team be prepared to indicate, during negotiations, any section of the MOD that may be confidential or sensitive, or that could adversely affect relations with the prospective recipient.²⁸ The Bank and the prospective recipient discuss these sections during negotiations. Following negotiations, Bank staff take into account the prospective recipient's comments in preparing the final document. After approval of the GEF project, the final blue cover MOD (excluding the introductory paragraph and the paragraph pursuant to which the Regional vice president's approval is sought by the director of the country department concerned) is merged with the technical annexes and sent to the PIC, through which interested parties may obtain the document.

Cofinanced Projects

6. GEF-Bank cofinanced projects follow the same cycle as freestanding GEF projects, with the addition that the GEF-PID for cofinanced projects includes all relevant information on the Bank-financed aspects of the project.²⁹ As the GEF-funded segment of the project advances through its cycle, any significant changes in the Bank-financed part of the project are reflected in the GEF-PID and the final blue cover MOD.

Evaluation Reports

7. Two kinds of evaluation reports are sent to the Bank's PIC, through which interested parties may obtain them: (a) the annual Project Implementation Performance Report of GEF projects, and (b) the GEF Project Evaluation Report, which is prepared upon project completion.

²⁸Annex A1 contains sample language for the Invitation to Negotiate.

²⁹The PID for the Bank-financed portion of the project is available separately to interested parties on request through the PIC.

Effectiveness

8. These procedures take effect on October 1, 1993. Requests for GEF project documents produced before that date are handled individually by the Global Environment Coordination Division.

Other Documents

9. Procedures for the release of any documents not referred to in this statement are provided for in *Directive on Disclosure of Information* (Washington D.C.: World Bank and International Finance Corporation, 1993, forthcoming).