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REVIEW OF EXPERIENCE WITH MEDIUM-SIZED PROJECT PROCEDURES

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EXECUTIVE SUMMARY

At the October 1996 GEF Council meeting, when approving expedited procedures for processing medium-sized projects, the Council also requested the GEF Secretariat to prepare an assessment of these procedures and their effectiveness in 1998. This paper has been prepared in response to that request. It has been prepared by the Secretariat in consultation with the Implementing Agencies (IAs). The Secretariat also sought the views of representatives of the NGO community, drawing in particular on the experience of the task force that was convened in 1997 to facilitate early application of the procedures. The paper highlights the key issues that have emerged during the first year of implementation of the procedures concerning medium-sized projects.

STATUS OF PORTFOLIO

Medium-sized projects are those that do not exceed US\$ 1 million in GEF financing. While the expedited procedures do not extend to the procedures of the IAs, each IA has also taken actions to streamline its respective review procedures and facilitate working with a broader range of proposers/executing agencies. In addition, the Secretariat and the IAs have developed a Medium-sized Projects Information Kit, carried out outreach activities, and involved stakeholders through consultations and joint activities to encourage a wide range of proposers/executing agencies to submit proposals.

The response has greatly exceeded expectations, in terms of the number of concepts and projects received at the IAs and the Secretariat, and the diversity of proposers/executing agencies. During the first year, the three IAs received a total of 337 medium-sized concepts, nearly half of which was forwarded to the Secretariat for review. The Secretariat reviewed 170 concepts, including 25 received directly from proposers, of which 86 were ruled eligible for further development. Twenty nine medium-sized project briefs were received, of which 11 projects with a total GEF allocation of US\$ 7.53 million, have been endorsed by the CEO for further project development and approval by the IAs; 8 projects have been approved by the IAs.

The largest share of proposals are in the biodiversity focal area and submitted by NGOs. Submissions from NGOs achieved a higher rate of being declared eligible and approved, compared to submissions from other groups such as government agencies, academic/research institutions and the private sector. Also, concepts and projects with higher co-financing achieved higher eligibility ruling and approval rate respectively. The elapsed time guidelines for review at the Secretariat have been met.

KEY ISSUES EMERGING FROM THE FIRST YEAR

Three distinct, but inter-related, issues have emerged from the first year of experience with medium-sized projects: (i) the volume of proposals has exceeded budgetary resources at the IAs; (ii) several project proposers/executing agencies have difficulty understanding GEF requirements and providing concept and project briefs according to required formats and quality, which has resulted in a large share of ineligible concepts; and (iii) there still continues to be significant

elapsed times in processing since it can take several months for IAs to work upfront with project proposers in an interactive manner to develop an idea into a feasible concept; there are bottlenecks in endorsement by county operational focal points, due to lack of resources to handle an increasing number of requests, lack of awareness of GEF requirements, or at times unfamiliarity with the NGOs or other groups submitting proposals.

ACTIONS TO ADDRESS KEY ISSUES

The IAs and the Secretariat have undertaken procedural innovations and outreach and stakeholder consultation activities to address many of the key issues. However, the anticipated increase in the volume of medium-sized projects in the future has important long-term implications for the GEF, demanding new approaches and engaging new partners. Towards this objective, the Secretariat and the IAs are undertaking the following actions:

Addressing Volume-related Issues. In order to address short-term under-estimates of budget requirements, IAs intend to utilize the mid-term review process for FY99 to : (i) reallocate administrative resources to medium-sized projects (if appropriate); or (ii) request the CEO to provide additional resources within his authority; or (iii) approach the Council for an increase to handle the FY99 workload.

For the long-term, in response to the growing demand for medium-sized projects, innovative modalities, new approaches and new partners are needed as noted in the GEF *Corporate Business Plan* (GEF/C.12/11), and the Council paper on *Expanded Opportunities for Executing Agencies* (GEF/C.12/10). For example, NGOs and other stakeholders may assist screening, review, technical assistance functions, and outreach activities with the IAs. A fee-based approach, with the participation of new partners is being proposed in the Business Plan for implementation during the second half of FY1999.

Addressing Information-related Issues. The Secretariat, IAs, and representatives of the NGO community plan to form a committee following the October Council meeting to review, revise, and improve the Information Kit by Spring 1999. Activities include: (i) revising unclear materials, including French and Spanish translations; (ii) including samples of eligible concepts and approved project briefs; (iii) producing a review checklist for use in eligibility ruling of concepts; (iv) developing a standard focal point endorsement letter; and (v) including simplified incremental cost guidance materials that are developed as part of the Council's process of reviewing incremental cost methodologies (see Council Paper on *Progress on Incremental Costs* (GEF/C.12/Inf.4))

The GEF Website will be updated with the new materials, and approved medium-sized project briefs are to be posted. In addition, the IAs are taking actions to develop and disseminate examples of good proposals internally and among themselves as a first step toward exchanging information on best practice and on the pipeline of proposals in each operational program. Specific information on medium-sized projects is being included in the proposal for country level workshops as part of the GEF Outreach and Communication Strategy (see Council Paper on

Country Ownership of GEF Projects: Elements of strengthened country level coordination and ownership, and greater outreach and communication (GEF/C.12/8))

Addressing Processing Issues. The IAs are taking further steps towards streamlining. The World Bank has taken steps to streamline processing of medium-sized project concepts and briefs in all the Regions of the Bank. All the IAs will bear primary responsibility for eligibility review of concepts. Concepts determined to be eligible by the IAs may be sent to the Secretariat for confirmation, along with their rulings attached. The IAs may also send, on an exceptional basis, concepts which are “borderline” or raise policy issues for eligibility rulings. Proposers desiring to submit concepts directly to the Secretariat for eligibility determinations may continue to do so. The Secretariat has eliminated a layer of review for medium-sized concepts and has installed an electronic tracking system to reduce processing time and better meet agreed service standard goals.

As part of strengthening country level coordination and ownership of GEF projects, the longest average delay in development of medium-sized projects can be reduced by informing government operational focal points that only one endorsement is needed from them by GEF as part of the medium-sized project process and that a response on the endorsement decision is needed in a timely manner (see GEF/C.12/8 and Council Paper on *Streamlining the Project Cycle* (GEF/C.12/9)). On their part, IAs agree to provide a standard letter acknowledging receipt of a concept or a project brief within 5 working days so that the proposers are kept informed.

ORGANIZATION OF THIS REPORT

This Information Paper contains a summary of the assessment and is divided into four sections. The *Background* describes the Council decision and follow-up, framework of operations, and actions taken by the Secretariat and IAs during the first year. The *Status of the Portfolio* provides the current status of the portfolio. The key issues that have emerged during the first year are identified in *Key Issues Emerging From the First Year*. Lastly, *Additional Actions to Address Key Issues* presents the actions the Secretariat and the IAs are undertaking to address these issues.

BACKGROUND

1. At its meeting in October 1996, the Council requested the Secretariat to prepare, in consultation with the Implementing Agencies, “an assessment of the procedures and their effectiveness in promoting the approval and implementation of medium-sized projects.”¹ This information paper contains a summary of the assessment.

COUNCIL DECISION AND FOLLOW-UP

2. The *Proposal for Medium-sized Projects* (GEF/C.8/5), as approved by Council in October 1996, contains “ways to streamline the processing and financing of medium-sized project proposals, or those for which GEF financing does not exceed US\$1.0 million.”² In approving the proposal, Council noted the following:

- (a) “All GEF-financed projects should be country-driven and based on national priorities. This will be ensured through the participation of the national operational focal points. The IAs and the Secretariat were encouraged to work with the national focal points in developing procedures and criteria for the review and endorsement of project ideas and proposals;
- (b) All GEF-financed projects should ensure a participatory approach to project development and implementation;
- (c) Project preparation financing should be included in the total costs, which in the case of medium-sized projects, should not exceed \$1.0 million in GEF financing;
- (d) Project documents should be made publicly available;
- (e) The approved expedited procedures should be widely disseminated; and
- (f) The need for co-financing.”³

3. During the processing of medium-sized project concepts and briefs in the past year, the following actions were taken in response to the above Council decisions:

- (a) Country-driven. The 11 approved projects contained endorsements from the respective country operational focal points. Prior to securing such endorsements, the IAs and/or their counterpart project proposers, discussed the project with their country’s focal point. However, additional support is needed to facilitate in-country coordination and to ease the administrative burdens of local focal point staff in the processing of a growing number of requests for country endorsements (see *Key Issues Emerging from the First Year, Additional Actions to Address Key*

¹ *Joint Summary of Chairs*, October 15, 1996 (para. 9, p. 9); consultations with the IAs and representatives of the NGO community were held on July 2, July 14, and August 11-12, 1998.

² *Proposal for Medium-Sized Projects*, October, 1996 (GEF/C.8/5), p. 1.

³ *Joint Summary of Chairs*, October 15, 1996 (para. 16, p. 4-5).

Issues and Council Paper on Country Ownership of GEF Projects: Elements of strengthened country level coordination and ownership and greater outreach and communication (GEF/C.12/8).

- (b) Participatory approach. A separate section in the medium-sized project brief on *Stakeholder Participation and Implementation Plan* is included (with an optional annex on a *Stakeholder Participation Plan*) and reviewed prior to CEO approval;
- (c) Preparation funding. A separate item on project preparation costs (PDF-A, if applicable) is included in the cover page of each approved proposal. The presentation of project financing also makes transparent any applicable project support costs and, if relevant, administrative expenses of the IAs;
- (d) Project documents. All approved proposals are posted in the GEF website, and a hard copy is made available, upon request.
- (e) Dissemination. The expedited procedures of the IAs are included in the medium-sized project information kit. In addition, a review of these procedures will be made to further facilitate processing (see *Key Issues Emerging from the First Year and Additional Actions to Address Key Issues*).
- (f) Co-financing. The total GEF allocation for the 11 approved projects is US\$ 7.53 million, with co-financing of about US\$ 12 million. More than one-half of project concepts submitted to the Secretariat have a co-financing ratio⁴ between 0.5 and 1.0, which reflects, on average, about the same ratio for large-sized projects. The issues of co-financing are discussed in *Status of the Portfolio*.

FRAMEWORK OF OPERATIONS

4. Medium-sized projects provide opportunities for a broader range of groups, that are especially well qualified to carry out projects that are much smaller in scale than the regular, large-size GEF-financed projects. Processing steps have been simplified both within the Secretariat and in the internal procedures of the IAs to facilitate access to medium-sized projects. As a result, the time period of processing from formal submission of a proposal to CEO endorsement is now considerably shortened, compared to large-size projects. Streamlining is in consideration of the need for a more flexible and pragmatic approach due to difficulties of smaller organizations, including many community-based non-governmental organizations (NGOs), private firms, and sub-national government agencies and local governments that can contribute to global environmental benefits with their appropriate capacities.

5. The medium-sized projects task force developed *Operational Guidance for the Preparation and Approval of Medium-Sized Projects*, and standard formats for the project concept paper and the project brief. An information kit was also developed, containing the following items: (a) brochure - *Introduction to Medium-Sized Projects*; (b) question-and-answer

⁴ Co-financing ratio = GEF funding request/Total Project Cost. The lower the ratio, the higher the degree of co-financing.

brief - *The Global Environment Facility: Medium-Sized Projects*; (c) *Operational Guidance for Preparation and Approval of Medium-Sized Projects*; (d) standard formats for medium-sized project concept paper, project brief, and PDF-A proposal, including samples; (e) lists of GEF publications and contacts; and (f) inserts from the IAs regarding internal procedures for expedited processing of medium-sized projects. This kit is currently available in several languages and distributed through a wide network, including the GEF and IAs' websites and various NGO networks. Due to the long start-up and dissemination period, the first medium-sized project concept was received by the Secretariat in May 1997, seven months after the expedited procedures for medium-sized projects was approved by Council.⁵

6. The expedited procedures, intended for medium-sized projects requesting up to US \$750,000 of GEF financing, do not require Council approval. Expedited procedures also explain the roles and responsibilities of the recipient governments, IAs (United Nations Development Programme, United Nations Environment Programme, World Bank), the GEF Scientific and Technical Advisory Panel (STAP), the GEF Council, and the Chief Executive Officer (CEO)/Chairman. The procedures were not designed to extend to the procedures of the IAs, and were meant to facilitate GEF processing of medium-sized projects by any of the IAs interested in collaborating in promoting the rapid and efficient execution of projects. An abbreviated description of medium-sized project procedures is shown in **Table 1**.

Table 1. Medium-sized Projects Processing Steps

Project Cycle	Additional Steps	Recommended Timeline
Preparation of concept note		Varies from one to six months or more
Eligibility review by IA and/or GEF Secretariat	Country focal point endorsement required only for PDF-A requests	Varies; review by GEF Secretariat (15 days)
Preparation of medium-sized project brief	Country focal point endorsement required (not reqd. if PDF A has been endorsed)	Varies;
Circulation of project brief to IAs & GEFSEC		15 days
Preparation/transmittal of comments by GEFSEC		10 days
Council Circulation		15 days
CEO endorsement		(2 days)
IA approval		Not to exceed 8 weeks

ACTIONS TAKEN

Actions taken by Implementing Agencies to Expedite Processes and Procedures

7. **United Nations Development Programme (UNDP)**. Steps taken to expedite procedures include: (a) harmonizing preparation of the medium-sized project brief and UNDP project document to expedite approval of the UNDP project document once the project brief has been cleared; and (b) delegation of responsibility to the UNDP country offices for preparation and review of the UNDP project document, and delegation of authority to the resident representative to sign the project document. UNDP has also recently assigned special task managers at headquarters to advance preparation of project briefs from eligible project concepts, and working

⁵ The Information Kit was available only on May 1, 1997.

with regional bureau staff, country office staff and/or project proposers. Efforts to involve a broader range of agencies will be facilitated by new UNDP procedures allowing NGOs to be project executing agencies rather than service providers under contract to a UN organization or government.

8. **United Nations Environment Programme (UNEP).** UNEP has streamlined its procedures to enable proposals to move more quickly than larger projects from a project brief stage to a full project document. It first notifies the project proposer of the outcome of the review process. If approved, the project proposer is assisted by UNEP to develop a full project document within a period of 8 weeks, in line with UNEP's standard format for project documents, and taking into consideration the comments made during the review process. The project appraisal process requires ensuring the development of detailed work plan elements. The internal approval process has been made more flexible so that UNEP's Project Approval Group reviews the concept early in the process. The development of the final project document requires only the addition of key reporting requirement information added to the project brief, including institutional arrangements and detailed budget.

9. **World Bank (WB).** An internal working group (including NGO/private foundation/bilateral advisors) was established to recommend ways to expedite regular project processing and internal review procedures. WB management accepted the group's recommendations related to the review and approval process (country unit-level review and approval replace the standard project cycle and Board approval, with the medium-sized brief serving as the basis for internal review); procurement (as appropriate due to small project size and local purchases of goods and services as the norm); financial management and reporting (grants disbursed in advance of expenditures with *ex post* monitoring to provide working capital and minimize disruptions in funds flow); disbursements (frequency of disbursements on semi-annual and annual basis determined according to project needs, with funds release for subsequent tranches tied to performance triggers); reasonable ranges for administrative costs; and more innovative approaches to relationships between grant recipients and a diverse group of collaborators or sub-recipients rather than standard competitive selection requirements.

Outreach Activities

10. The three IAs and the GEF Secretariat developed and implemented outreach activities to ensure that word about medium-sized projects was disseminated across to a wide set of potential proposers and executing agencies. With the participation of the Medium-sized Projects Task Force, the GEF Secretariat prepared an Information Kit containing the items described in para 5. With the Information Kit as a basis, each Implementing Agency established outreach programs to reach out and inform a wide range of potential project proposers.

11. **United Nations Development Programme.** UNDP implements medium-sized projects in a very decentralized way, i.e., through its country offices in GEF- eligible countries. As soon as the medium-sized project kit materials became available electronically from the GEF Secretariat (August 1997), UNDP made additional translations into Portuguese, Arabic and Russian and distributed them to the appropriate country offices. In guidance sent to country offices, subsequent communications and meetings with country office focal points, the GEF Coordination

Unit consistently encouraged the country offices to inform potential project proposers and stakeholders, including governments and NGOs about the medium-sized projects. Activities included (i) joint information initiatives with the host government and other IAs; (ii) national or sub-national briefings or workshops; and (iii) other mechanisms and channels. In addition, UNDP has strengthened the capacities of national staff, including country office staff and government focal points, at five headquarters training workshops on GEF, each of which included sessions on medium-sized projects.

12. **United Nations Environment Programme.** UNEP has begun convening NGO consultations for the various regions, and conducting briefings on medium-sized projects for certain UN agencies. Briefings on medium sized projects have also been convened by UNEP's Project Task Managers for GEF projects in which either a workshop or seminar is being held. UNEP has also convened several internal briefing seminars/workshops for its own substantive offices. These include briefings on medium sized projects for the CMS Secretariat, the Industry and Environment Office, the Regional Offices, etc.. A medium-sized project brochure has been developed in six UN languages (and distributed to regional and outposted offices and at other appropriate venues) that explains clearly how a proponent may submit a project concept to the organization and the procedures to be followed. In addition, the brochure has been distributed at COP meetings of the Convention on Biological Diversity (CBD) and United Nations Framework Convention on Climate Change (UNFCCC) and SBSTTA meetings.

13. **World Bank.** World Bank outreach efforts have taken three primary forms: (i) a medium-sized project Information Kit supplement was prepared to describe Bank-specific information requirements for medium-sized project processing through the World Bank; (ii) the Bank supported Fundacion Ecologica Universal (FEU), an Argentine NGO, to develop medium-sized project training materials geared to Latin American NGOs, in an effort to better explain GEF eligibility requirements and medium-sized project processing procedures; as part of this effort, Bank staff participated in four workshops organized by FEU in December 1997 in Argentina, Chile, Peru and Ecuador; and (iii) to promote better understanding of the medium-sized project mechanism among WB field office staff, a training session was held with World Bank field office NGO liaison officers in April 1997; information materials have been sent to WB field offices for distribution to in-country project proposers.

14. **NGO Community.** Some NGOs developed outreach efforts, primarily targeted to the NGO community. The GEF-NGO network published a book, *De-Mystifying the Global Environment Facility (GEF): A User's Guide to Getting Funding for Biodiversity and International Waters Projects*, as a user-friendly guide to governments and NGOs on how to develop GEF proposals for these two focal areas. The Latin America and Caribbean Division of the Nature Conservancy developed workshops for associated NGOs in Mexico for training on developing medium-sized projects. At the FEU workshops in Latin America, about 280 representatives of NGOs, academic institutions and governments were training in developing medium-sized projects. As a result, nine project proposals were identified, and many others are under preparation.

STATUS OF THE PORTFOLIO

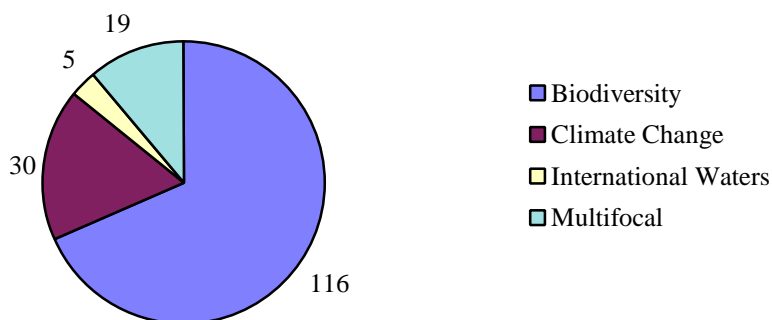
15. Medium-sized projects provided the opportunity for IAs to introduce within their own procedures an expedited review and approval process. In addition, there were numerous activities done by the IAs and partners (e.g., NGOs) to reach out to a variety of potential and non-traditional project proposers and executing agencies. The response has exceeded expectations, in terms of number of concepts received at the IAs and the Secretariat, and the diversity of proposers/executing agencies.

16. During the first year the three IAs received a total of 337 medium-sized concepts, nearly half of which was forwarded to the Secretariat for review. The Secretariat reviewed 170 concepts, including 25 concepts received directly from proposers; 86 were ruled eligible for support and further development as medium-sized project briefs. Thirty medium-sized project briefs were received by the Secretariat, of which 11 have been endorsed by the CEO. This section is a brief review of the status of the portfolio at the Secretariat. Refer to ANNEX A for details of the portfolio at the IAs.

MEDIUM-SIZED CONCEPTS

17. **Concepts by Focal Area.** Concepts in the biodiversity focal area accounted for about 68 percent (116 out of 170) of total number of concepts received (**Figure 1**). Fifty eight percent of the biodiversity concepts were declared eligible, while the eligibility ruling rate was 52 percent across the entire medium-sized project concept portfolio. There were 30 concepts in climate change, 5 in international waters, and 19 in multi-focal areas.

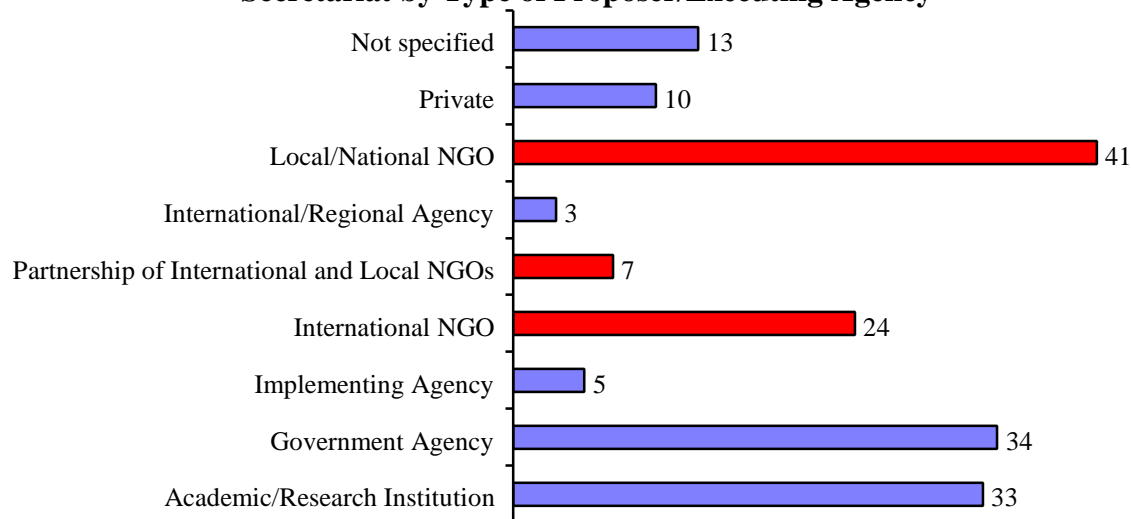
Fig 1. Number of Medium-sized Concepts submitted to GEF Secretariat by Focal Area



18. **Concepts by Type of Proposer/Executing Agency.** The efforts of the outreach program at the IAs and the GEF Secretariat to inform a broad range of groups about the program have been successful. Medium-sized project Concepts have been received from diverse categories of proponents/executing agencies – governments, NGOs, national institutions, academic institutions,

and international agencies (Figure 2) .

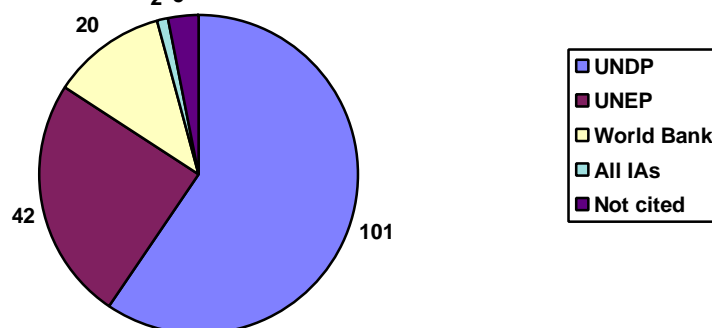
Fig 2. Number of Medium-sized Concepts submitted to GEF Secretariat by Type of Proposer/Executing Agency



19. Local/national NGOs accounted for the largest share of medium-sized project concepts, accounting for nearly a quarter of the total, followed by government agencies and academic and research institutions . International NGOs accounted for only 14 percent of the total concept papers. As a group, NGOs account for nearly 42 percent (72 out of 170) of the concepts; 80 percent of the concepts submitted by NGOs are in the biodiversity focal area. Seventy one percent of the concepts (50 out of 70) with NGOs as proposers/executing agencies were ruled eligible, far surpassing other types of executing agencies. Among NGOs, the eligibility ruling rate is highest among international NGOs (74%), followed by international/local NGO partnerships (71%) and local/national NGOs (70 %).

20. **Concepts by Implementing Agencies.** UNDP accounted for nearly 60 percent of medium-sized project concepts (101), followed by the UNEP (42) and the World Bank (20); two of the concepts cited all the three IAs, while five concepts did not identify an implementing agency at the time of submission (Figure. 3).

Fig. 3. Number of Medium-sized Concepts submitted to GEF Secretariat by proposed Implementing Agency



21. The IAs have received medium-sized project concepts which add up to more than the number of concepts submitted to the GEFSEC. The medium-sized project concept status at the IAs are shown in **Table 2**. Note that the terms in use in the different IAs are not always consistent. However, the mix of the portfolio in terms of focal area, proposers/executing agencies, size of funding request, co-financing, etc are quite similar to the medium-sized project portfolio at GEFSEC. For further details of the portfolio at the Secretariat and the IAs, refer to ANNEX A.

Table 2. Status of Medium-sized Projects Portfolio at the Implementing Agencies

Agency	Received	Submitted to GEFSEC	Ruled eligible	Ruled ineligible	Other rulings	Pending	Withdrawn	Approved as project
UNDP	113	98	48	21	19 ⁶	8	2	3
UNEP	89	44	15	16		52 ⁷	0	5
WB	135 ⁸	25	47	30	12	46		3

MEDIUM-SIZED PROJECTS

22. As of June 30, 1998, 29 project briefs were submitted to the GEF Secretariat. Among these, 11 proposals were recommended for approval and endorsed by the CEO; 7 proposals were recommended to be re-submitted as full-size GEF projects; 3 proposals were not approved as medium-sized projects; and 9 were under review.

23. **Project Briefs by Focal Area.** The medium-sized project portfolio is dominated by projects in the biodiversity, with 18 out of the 29 projects submitted belonging to this focal area; seven out of the 11 projects approved were in biodiversity; two were in climate change, one in ozone depleting substances, and one was a multifocal project.

24. **Project Briefs by Implementing Agency and Proposer/Executing Agency.** Of the 29 project briefs submitted for review, UNEP accounted for 15 and UNDP and the World Bank for nine and five respectively; In terms of approved projects, UNEP has 5 projects, while the UNDP and WB had three each. However, unlike the concept portfolio, large number of project briefs (50 percent) are from government agencies, though only three out of the 11 projects approved had government agencies as executing agency.

25. **Projects by GEF Financing and Co-financing.** The 11 projects endorsed by the CEO have a total GEF allocation of US\$ 7.53 million. Most of the project proposals (10 out of 11) requested GEF financing close to US\$ 750,000. However, there was a high degree of co-financing, with 13 out of 29 project briefs requesting GEF financing for 50 percent or less of the

⁶ Secretariat rulings were unclear.

⁷ Several concepts (approx.40) included in the 'pending' section includes concepts for which the UNEP informed the proponent that certain components or ideas within the concept were ineligible while other components were eligible. In such cases, the proponent is revising the project concept to address this review.

⁸ Of the 135 concepts received, the World Bank considers 91 to be viable concepts; 47 were ruled eligible and have been approved or are being developed, while 46 are seeking additional information from project proposer.

total project cost . Overall, total co-financing of the 11 approved projects reached about US\$ 12 million, with GEF financing on the average accounting for 38 % of the total project cost. The rate of approval of projects increases with higher co-financing – 54 % of the projects requesting equal to or less than half the total project cost were approved, while only 40% of the projects which requested GEF funding for more than half the total project cost were approved. For details of the medium-sized concepts and projects portfolio at the GEF Secretariat and the three IAs, refer to ANNEX A.

PROCESSING AND APPROVAL TIME

26. Since time-tracking systems have not been established in all the IAs, it is not possible to obtain accurate estimates of elapsed time from a project idea has been brought to the attention of the Agency.

27. **Concepts.** The average time elapsed for review of concepts by the Secretariat is 12 workdays. About 69% (or 117 concepts) were reviewed in less than 15 workdays, which is consistent with the norm for expedited procedures.

28. **Project Briefs.** On the average, it takes about 8 months for an medium-sized project concept to evolve into an medium-sized project brief and be approved by the GEF CEO. In comparison, in 1997, the *Project Implementation Review* (PIR) reported more than 12 months for a full-size project to enter the GEF's Work Program and up to an additional 6 months for CEO endorsement. However, once a project brief is submitted for review, the processing time ranges from 30 to 106 workdays, the mean being 56 workdays. This average is a little over the 40 workdays as prescribed in the guide for medium-sized projects processing. Only one approved project brief was endorsed by the CEO within the 40-day norm; 7 projects took between 41 and 60 days.

29. The longest delay in processing appears to be the operational focal point endorsement. This is the experience of all the IAs, with some delays reported to be as long as eight months.

NGO EXPERIENCE WITH MEDIUM-SIZED PROJECTS

30. From its inception, GEF has engaged a broader group of stakeholders to help in the design of medium-sized projects and expedited procedures.⁹ This section on NGO experiences with medium-sized projects is provided as an example of how the expedited procedures have affected one of the major stakeholder groups. Representatives of the NGO community provided inputs to this paper based on feedback gathered through the NGO networks. In the future, more

⁹ As early as November 1995, the Secretariat and the IAs established a GEF-NGO Working Group, to review relationships with NGOs and other stakeholders, and to advise GEF in the development of strategic partnerships. A paper, *Promoting Strategic Partnerships Between the Global Environment Facility and the NGO Community*, was presented at NGO Consultation at the April 1996 meeting of the GEF Council and provided as an information paper to the Council (GEF/C.7/Inf.8). The Working Group met twice in November 1995 and February 1996. Members of the group were selected by GEF/NGO focal points. In addition, representatives from private foundations were consulted, some of whom participated in discussions and provided some funding to cover NGO costs (e.g., grant from the MacArthur Foundation and the C.S. Mott Foundation through a grant to the Nature Conservancy)

systematic feedback from other groups, such as local governments and the private sector, should be utilized.

31. NGOs participation in medium-sized projects has been significant, with submission of nearly half the concept notes and about quarter of the project briefs. Two surveys were carried out to assess the NGO experience with expedited procedures for medium-sized projects. One was distributed among the NGO-GEF network, and the other was circulated through the Latin American Region. Based on these two surveys, and the responses obtained, NGOs highlighted some of the most significant characteristics of the medium-sized projects were that expedited procedures allow NGOs to have direct access to GEF funding. Lastly, it was mentioned that the availability of Block-A PDF for project preparation was very useful, as it allowed the organization to enhance the development of the project proposal.

32. NGOs participating in the surveys noted some bottlenecks. First, was the lack of information and awareness about medium-sized projects and expedited procedures among the NGO community, particularly in some regions. Second, was the time elapsed between the first submission of the concept note and the Implementing Agency's response; sometimes the delays were substantial. Third, concerns were raised regarding the delay for endorsement by the country operational focal points; many NGOs saw the endorsement as a political process favoring a few NGOs. Lastly, incremental costs was identified as one of the critical problems, as most of the proposers cannot comprehend how to calculate them. Refer to ANNEX B for details regarding feedback from NGOs

KEY ISSUES EMERGING FROM THE FIRST YEAR

33. The first year of implementation of the expedited procedures for medium-sized projects has been a learning experience for all the parties involved. There are three distinct, but inter-related, categories of issues that have emerged from this experience:

- (a) Volume related -- concepts and briefs overtaking budgeted resources;
- (b) Information related -- proposers/executing agencies have difficulty understanding GEF requirements; and
- (c) Process related -- significant time spent on sections of project approval process not part of expedited procedures.

VOLUME RELATED – CONCEPTS AND BRIEFS OVERTAKING BUDGETED RESOURCES

34. The volume of proposals received by the IAs has greatly exceeded expectations. Project and concept reviews in the IAs fall primarily on the coordination unit staff. Reviews are time-consuming despite the smaller scale of funding because of the need to determine if proposed activities will contribute to identifiable global benefits and incur incremental costs, and if the proposers have the capacity to implement the project, and especially if the proposers are unfamiliar with GEF and IAs' procedures. In general, the administrative budget did not make

provisions for supporting an iterative dialogue with proposers, especially in light of the ever growing volume of concept and project submissions.

35. IAs are currently expending substantial staff time on screening proposals which, even after an initial review, remain ineligible for funding. The problem is that these staff times are not presently covered in the GEF's *Corporate Business Plan*, which allocates resources only for eligible projects in the pipeline tasks. Although a more realistic estimation of the yearly pipeline of projects will partly ease the problem, the issue of under-funding of the screening and communications functions of IAs will still remain to be solved.

36. The problem of overloading may need to be addressed as well in-country. Although country operational focal points are not expected to do full-scale reviews of proposals, local staff nevertheless perform some form of screening. When the number of proposals for focal point endorsements increase beyond the current capacities, delays in responding to endorsement requests occur. The issue of support for in-country coordination is discussed in another GEF paper (*Country Ownership of GEF Projects: Elements of strengthened country level coordination and ownership and greater outreach and communication* (GEF/C.12/8)).

37. The problem is one of four-fold or greater volume compared to what was originally projected as well as one of underestimate of staff-time utilized per project (pre-concept, concept, brief). Refer to **Table 3** for details.

Table 3. Budgeted vs Anticipated Volume of Medium-sized Projects

Implementing Agency	Stage of Project Cycle	Number of Medium-sized Projects, FY99	
		Budgeted	Anticipated
UNDP	Development/preparation	34	105
	Implementation	15	11
UNEP	Development/preparation	9	82
	Implementation	7	11
World Bank	Development/preparation	30	60
	Implementation	8	40

38. For example, whereas the World Bank anticipated that during FY99, 30 projects would be under development/preparation and 8 projects under implementation, a detailed review of the actual pipeline reveals that the WB will have at least 60 proposals in different stages of preparation during FY99, with some 40 expected to be approved and starting implementation before the end of the fiscal year. The UNEP had estimated about 9 projects in different stages of preparation and 7 under implementation, while the projections are now for 82 projects for preparation and 11 projects for implementation. The UNDP had budgeted for 34 projects under development and preparation and 15 projects under implementation; current projects are for 105 projects under development and preparation and 11 under implementation.

INFORMATION RELATED – GEF REQUIREMENTS NOT UNDERSTOOD

39. This review reveals that the overwhelming reason for ineligibility ruling is lack of fit with a GEF Operational Program (40 out of 62 concepts), followed by lack of demonstrable global benefits (12 out of 62 concepts). Feedback received from several proposers/executing agencies, suggests that the proposers have not yet fully understood GEF requirements.

40. There are a few problems with regard to consistency with country priorities or country drivenness, and the IAs have taken steps to ensure consistency. For example, UNDP sent guidance to participating country offices last year emphasizing that proposals must be consistent with national priorities and programs. However, in some cases, proponents do not provide adequate information on country priorities in the context of national strategies and action plans. Most describe national priorities on a more general basis rather than quoting specific national planning documents. It also appears that many proposers do not understand the meaning of “linkage to national priorities.”

41. There are also problems with clarity of the standard formats of concepts and briefs. Several proposers, mainly NGOs, find the formats difficult to understand, largely because the terminology is unclear and not adequately explained, particularly in the translations. There are several ways in which this lack of clarity manifests: (a) misunderstanding on the term “country eligibility;” (b) absence of indicators as specified in the formats for project briefs; (c) lack of information on baseline activities and costs, leading to insufficient presentation of incremental costs, partly because the formats, as designed, do not request for such information; and (d) calculations and/or discussions of incremental costs continue to outwit many proposers.

42. In general, the same criteria are applied in the review of concepts and briefs as with large-size projects. However, interpretation of criteria recognizes the small size and limited activities proposed under medium-sized projects. Nevertheless, to ensure that there is consistency in eligibility review across focal areas, projects, the Secretariat and the IAs, it would be useful to develop a checklist of review criteria.

PROCESSING TIME

43. Several proposers have expressed the view that the processing time for concepts and projects do not reflect the expedited nature of processing for medium-sized projects. Aside from the sheer volume of proposals to be reviewed and processed, there are other reasons for long processing times. One is the considerable interaction and communications required between the Implementing Agency and the proposer(s). It can often take several months before a concept is developed to meet eligibility standards. Because the interactive steps are not part of expedited processing, there is no tracking of time lags in place within the IAs.

44. Time variations were significant across the IAs for the period between CEO endorsement and final project approval. Initial delays were experienced in the first 4 approved projects due to unfamiliarity with the new expedited procedures within the IAs.

45. Delays in processing of concepts and briefs are sometimes due to a slowdown in securing country focal point endorsements. The office of the country focal point may lack the resources to handle an increasing number of requests, especially if the projects covered an area outside the

jurisdiction of the ministry where the focal point is based. Some staff in the focal point office may not be fully aware of GEF requirements. For example, in some cases, an endorsement letter was given to proposers at both the concept and project brief stages. Delays are longer if the country focal point office is unfamiliar with the NGOs or other groups submitting the proposal as project proposers/executing agencies. As expected, delays are more acute for multi-country, regional projects. As noted earlier in para. 29, delays up to eight months have occurred.

ADDITIONAL ACTIONS TO ADDRESS KEY ISSUES

46. The Secretariat and the IAs have taken initial steps to address many of these key issues as described in the *Background* of this report. However, the volume and quality issues have enormous long-term implications for GEF, demanding new approaches and engaging new partners. This section lists the additional actions the Secretariat and the IAs are undertaking towards that objective.

ADDRESSING VOLUME-RELATED ISSUES

47. In order to address short-term under-estimates of budget requirements (both in terms of human resource per project and volume of projects), IAs intend to utilize the mid-term review process for FY99 to : (i) reallocate administrative resources to medium-sized projects (if appropriate); or (ii) request the CEO to provide additional resources within his authority; or (iii) approach the Council for an increase to handle the FY99 workload.

48. For the long-term, in response to the growing demand for medium-sized projects, innovative modalities, new approaches and new partners are needed as noted in the GEF *Corporate Business Plan* (GEF/C.12/11), the Council paper on *Expanded Opportunities for Executing Agencies* (GEF/C.12/10). For example, NGOs and other stakeholders may assist screening, review, technical assistance functions, and outreach activities with the IAs. A fee-based approach, with the participation of new partners is being proposed in the Business Plan for implementation during the second half of FY1999.

ADDRESSING INFORMATION RELATED ISSUES

49. The Secretariat, IAs, and representatives of the NGO community plan to form a committee following the October Council meeting to review, revise, and improve the information kit with a view toward completion of revisions by Spring 1999. Activities include:

- (a) Revising unclear materials, including French and Spanish translations;
- (b) Including samples of eligible concepts and approved project briefs;
- (c) Producing a review checklist for use in eligibility ruling of concepts;
- (d) Developing a standard focal point endorsement letter; and

- (e) Including simplified incremental cost guidance materials that are developed as part of the Council's process of reviewing incremental cost methodologies (see Council Paper on *Progress on Incremental Costs* (GEF/C.12/Inf.4))

50. The GEF Website will be updated with the new materials, and approved medium-sized project briefs are to be posted.

51. The IAs are taking actions to develop and disseminate examples of good proposals internally and among themselves as a first step toward exchanging information on best practice and on the pipeline of proposals in each operational program.

52. Information on medium-sized projects is being included in the proposal for country level workshops as part of the GEF Outreach and Communication Strategy (see Council Paper on *Country Ownership of GEF Projects: Elements of strengthened country level coordination and ownership, and greater outreach and communication* (GEF/C.12/8))

ADDRESSING PROCESSING ISSUES

53. The World Bank has taken steps to streamline processing of medium-sized project concepts and briefs in all Regions of the Bank. All the IAs will bear primary responsibility for eligibility review of concepts.¹⁰ Concepts determined to be eligible by the IAs may be sent to the Secretariat for confirmation along with their rulings attached. The IAs may also send, on an exceptional basis, concepts which are "borderline" or raise policy issues for eligibility rulings. Proposers desiring to submit concepts directly to the Secretariat for eligibility determinations may continue to do so.

54. The Secretariat has eliminated a layer of review for medium-sized concepts and has installed an electronic tracking system to reduce processing time and better meet agreed service standard goals.

55. As part of strengthening country level coordination and ownership of GEF projects, the longest average delay in development of medium-sized projects can be reduced by informing government operational focal points that only one endorsement is needed from them by GEF as part of the medium-sized project process and that a response on the endorsement decision is needed in a timely manner (see GEF/C.12/8 and Council Paper on *Streamlining the Project Cycle* (GEF/C.12/9)). Country operational focal points are requested to review and provide an response on medium-sized project endorsement in a timely manner – a month may be appropriate.

56. IAs agree to provide a standard letter acknowledging receipt of a concept or a project brief within 5 working days so that proposers are kept informed.

¹⁰ The UNEP and the World Bank already bear primary responsibility for screening concepts. The UNDP will begin to follow the same practice.