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DRIVING FOR RESULTS IN THE GEF: STREAMLINING AND BALANCING PROJECT CYCLE MANAGEMENT

Recommended Council Decision

The Council reviewed document GEF/C.16/5, *Driving for Results in the GEF: Streamlining and Balancing Project Cycle Management*, and endorses the overall approach towards achieving better on-the-ground results and high project quality. The Council commends the progress that has already been made by the Secretariat and the Implementing Agencies to streamline and balance operations and requests them to continue to develop the options for further improvements outlined in the paper.

The Council approves the following revisions to the project cycle, identified in Section II of this document:

- (a) The CEO is authorized to approve PDF-B resources for projects requiring preparation in multiple countries up to a ceiling of US\$ 700,000.
- (b) The CEO is authorized to approve PDF-C resources up to a ceiling of US\$1 million.
- (c) All technical comments by Council Members on project proposals will be submitted to the Secretariat in writing within four weeks of the circulation of the proposed work program to the Council.
- (d) A country endorsement by the national operational focal point provided at the time a request is submitted for GEF PDF-B funding will suffice as the country endorsement for the project proposal submitted for inclusion in the work program, unless the national focal point specifically requests that a second endorsement be sought prior to work program inclusion. The Secretariat may also request the Implementing Agency to seek a second endorsement prior to inclusion of the project proposal in the work program (i) if the Secretariat determines that the project design has fundamentally changed between PDF-B request and the project proposal submission, or (ii) when there are specific country commitments in the project proposal that require confirmation.

The Council encourages countries to consider actions identified in Section III of this document, and implement them if appropriate.

The Secretariat is requested to report on progress achieved at the second Council meeting in 2001.

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BACKGROUND

1. To date, the GEF, through its three Implementing Agencies, has supported more than 700 projects with about US\$ 3 billion of GEF resources. With co-financing, the portfolio is valued at more than US\$ 11 billion. As the portfolio matures and experience has been gained in project implementation, there is an increasing need to place greater emphasis on quality project management and implementation and the achievement of results-on-the-ground. During the last two years, the Project Implementation Review has identified an “approvals culture” whereby too much emphasis is placed on project preparation at the expense of focus on implementation and results. Feedback received from countries through the Conference of Parties to the global environmental conventions, the Country Dialogue Workshops and Monitoring and Evaluation activities have indicated frustration with complex and time-consuming GEF procedures.
2. Early this year, the CEO initiated efforts to better “drive for results” and to further streamline GEF Operations towards improving operational efficiency and balancing the focus between project preparation and project implementation.
3. The concept of “Driving for Results” was discussed at the GEF Heads of Agencies Meeting held on March 9 in New York. There was full support for the added emphasis on ensuring quality implementation of, and achievement of results from, GEF actions. It was agreed that resources freed up from project preparation would be re-deployed towards project implementation, and that additional resources required for focusing on results would be reviewed in the light of experience. The Heads of Agencies called on their staff to work closely with the Secretariat towards timely completion and implementation of the system.
4. Following the agreement at the Heads of Agencies Meeting, the CEO chaired a retreat in Washington during June 8-9, 2000, consisting of management and selected staff from the Secretariat and the three Implementing Agencies, to brainstorm and identify opportunities to further streamline GEF operations and balance quality at entry with quality of implementation in order to focus on results on the ground.¹
5. This document contains a brief description of the streamlining and balancing opportunities identified, and is presented as four sections:
 - (a) actions that have been agreed to and are being implemented by the Secretariat, the three Implementing Agencies, and STAP;
 - (b) actions for Council discussion and decision during the November 2000 meeting;
 - (c) actions for consideration of countries; and
 - (d) actions for further development.

¹ The STAP meeting held at Bangalore during June 2000 identified options to increase the effectiveness of STAP to respond to Corporate GEF requirements.

I. ACTIONS UNDER IMPLEMENTATION BY THE SECRETARIAT AND THE IMPLEMENTING AGENCIES

Project Cycle Management

6. Strategic role of the Secretariat. A major effort in streamlining and balancing is to fine-tune the roles of the Secretariat and the Implementing Agencies. In the management of the GEF Project Cycle,² the Secretariat will focus on its strategic role at pipeline entry (Concept Agreement) to ensure that the project concepts meet GEF's strategic objectives and eligibility criteria. The Implementing Agencies will be primarily responsible for quality of documentation presented for review during different stages of the project cycle, and for quality project management and implementation. The different elements of this fine-tuning, listed below, should reduce processing times as well as costs of transaction of managing the project cycle, and release resources towards focusing on quality of project implementation.

7. Project Review Criteria. The Secretariat has always reviewed project concepts and briefs on the basis of the ten Operational Principles embodied in the GEF Operational Strategy approved by the Council in 1995. Recently, the Secretariat and the Implementing Agencies have articulated Project Review Criteria covering all stages of the GEF project cycle, including concepts and project briefs (Annex A1 in the *GEF Project Cycle Paper*, GEF/C.16/Inf.7) to ensure consistency in project management among different GEF entities and establish clear norms for preparation quality, and adherence to core GEF principles and policies as a project progresses through different phases and decision points in the project cycle. The Project Review Criteria have been used as a basis for the review of project concepts and briefs beginning July 2000.³ The application of the criteria is accompanied by the following improvements in the review process:

- (a) Pipeline Entry.⁴ Concept Agreement Review (pipeline entry) will focus on concept review criteria for pipeline entry and agreement between the Secretariat and Implementing Agency on specific issues to be addressed in the project proposal by the time of work program inclusion and CEO endorsement.
- (b) Work Program Inclusion.⁵ The Implementing Agencies will undertake primary responsibility for the content and quality of project proposals at work program inclusion. Implementing Agencies may submit project briefs

² Refer to Information Document, GEF/C.16/Inf. , *GEF Project Cycle*, for details on the project cycle procedures and role of different partners.

³ Project Review Criteria are also being articulated for medium-sized projects (Annex A2 in the Project Cycle Paper contains the draft project review criteria for medium-sized projects), prior to using them as a basis for project review.

⁴ Pipeline entry occurs when a concept is reviewed and accepted by the GEF Secretariat for further preparation.

⁵ Work program inclusion occurs when a project proposal is included in a work program for review by the Council or when the proposal is approved by the CEO (enabling activities under expedited procedures, medium sized projects).

in their own formats, with a Project Cover Note that documents or cross-references conformity with GEF policies and programs according to the project review criteria for work program inclusion. Project review and associated upstream consultations for work program inclusion will be based on Implementing Agency undertakings in the Project Cover Note. Formal project review meetings will be convened on an exceptional basis to resolve disagreements about the application of project review criteria.

8. PDF-B Approval. Previously, PDF-Bs were approved by the CEO in conjunction with the work programs: i.e., four times a year. Under the streamlined procedures, PDF-B's for those project concepts that have entered the GEF pipeline will be circulated on a rolling basis to the other Implementing Agencies, relevant agencies operating under the policy of *Expanded Opportunities for Executing Agencies*, the relevant convention secretariat, and the STAP Chairman for review and for CEO approval within five working days of receipt of the PDF-B proposal by the Secretariat.

Supervision

9. Steps are already underway to augment the focus on quality of project implementation and achievement of results:

- (a) Integration into Implementing Agencies' Quality Review. The Implementing Agencies are undertaking steps to further integrate GEF projects in mainstream quality review processes within their respective institutions.
- (b) Linking Monitoring and Evaluation to Planning. The GEF monitoring and evaluation work plan is being linked to corporate planning processes, and feedback is being strengthened, including improved dissemination of lessons learned to the wider global community with a view to improving project design, development and implementation.

Country Endorsements

10. To ensure that GEF projects are country-driven, endorsement by the country operational focal point is a requirement for (i) approval of any funds from the Project Development Facility (PDF); and (ii) a project proposal to enter the work program; Endorsement from the national operational focal point is not a requirement to submit a Project Concept Document for review prior to entry into the GEF pipeline. Nevertheless, a number of operational focal points have objected to the inclusion in the GEF pipeline of concepts for projects to be carried out in their respective countries that have not been endorsed by the focal point, and they have insisted on endorsement prior to concept submission.

11. The Secretariat and the Implementing Agencies, based on experience, find that multiple country endorsements contributes to delays in project preparation. On a case by case basis, contingent upon agreement with the recipient country, the Secretariat and the

Implementing Agencies are undertaking the following streamlining actions to reduce the number of country endorsements in the project cycle:

- (a) The Secretariat and the Implementing Agencies will advise that countries may choose to have an endorsement by the national operational focal point provided at the time of PDF-B request suffice as an endorsement for the project proposal subsequently submitted for inclusion in the work program. If a country were to choose this option, the letter of endorsement from the country for the PDF-B request should clearly state that the operational focal point does not want to endorse the project again prior to inclusion in the work program.⁶ However, if the Secretariat were to determine that the project design had fundamentally changed between approval of the PDF-B and the project proposed for work program inclusion or that there were specific country commitments in the project proposal that required clarification, then the Implementing Agency would be requested to solicit a new endorsement from the national focal point prior to inclusion of the proposal in the work program.
- (b) Country endorsements are not a requirement for pipeline entry, although national focal points who wish to endorse concepts prior to their entry into the GEF Pipeline could continue to do so. The agency developing the concept for pipeline entry will be responsible for (i) informing the focal point about concepts submitted for review prior to entry into the GEF pipeline; and (ii) advising them on the GEF requirements regarding formal country endorsements in the GEF project cycle. In all cases, the GEF Secretariat will inform the relevant focal point of concepts that have entered the GEF pipeline. For medium-sized projects, countries may choose to have an endorsement of the PDF-A suffice as an endorsement for the project brief subsequently submitted for CEO approval by stating this clearly in the letter of endorsement for the PDF.⁷ The Secretariat will also ensure that the Project Tracking and Management Information System will enable tracking of country endorsements.

Accountability Under the Expanded Opportunities for Executing Agencies

12. The Implementing Agencies have been fully committed towards implementing the Council's decisions on *Expanded Opportunities for Executing Agencies*, and have actively participated in the development of projects to be administered by these agencies. The Implementing Agencies have also provided quality advice to executing agencies, as required to exercise their accountability to the GEF, and training to staff in the agencies, where requested.

⁶ With the exception of medium-sized projects, country endorsement submitted with a PDF-A request will not suffice as an endorsement for subsequent project processing. Also, an additional country endorsement is required for a PDF-C, usually requested for further project preparation after a project has been approved by the Council or recommended for work program inclusion by the CEO.

⁷ A request for a PDF-A could also double as a medium-sized project concept document.

13. At its May 2000 meeting, the Council raised concerns over the complex arrangements and division of labor between the executing agencies and the Implementing Agencies, and stressed the need, for the sake of efficiency and transparency, to develop a clearer definition of “accountability”. The Council requested the CEO to consult with Senior Management of the Implementing Agencies and report to the Council at its November meeting.⁸ The Council suggested that the following functions be considered as constituting the responsibilities of the Implementing Agency:

- (a) an assessment of whether the executing agency can comply with the policies and standards of GEF;
- (b) an assurance of quality at entry of project proposal in the work program based on project preparation; and
- (c) a defined role for the Implementing Agency in the evaluation process at project completion.

14. The CEO is consulting with the Senior Management of the Implementing Agencies to clarify the relationship between the executing agencies and the Implementing Agencies, and will report to the Council.

STAP

15. STAP Meetings. During the June 2000 STAP meeting, there was discussion as to how the STAP agenda and work program could be developed to more closely respond to the corporate requirements of the GEF. To enable this, it was agreed that two STAP meetings would be held every year, scheduled appropriately to: (i) allow consideration of the scientific and technical aspects of emerging issues identified in the Program Status Reviews and their implication for targeted research with a view to preparing STAP’s input to the Corporate Business Plan; and (ii) prepare a proposed STAP work plan with a view to identifying the budgetary request to be included in the proposed Corporate Budget.

16. STAP Selective Reviews. For the upcoming fiscal year (FY2001), STAP selective reviews of scientific and technical aspects of projects would be coordinated with the GEF monitoring and evaluation work program, particularly within the context of the focal area impact studies that have been initiated. STAP members are also participating in the monitoring and evaluation focal area program studies that are underway. It was also agreed that STAP would work with the Implementing Agencies during the upcoming fiscal year to strengthen the quality of the STAP Roster.

17. Mobilizing Scientific and Technical Community. During the September 2000 meeting, STAP discussed and agreed on ways and means to mobilize the wider scientific and technical community for purposes identified in the STAP Work Plan as a response to the Corporate Business Plan.

⁸ Council Decision on Agenda Item 8, Joint Summary of the Chairs, GEF Council Meeting, May 9-11, 2000.

Client Responsiveness

18. Based on feedback received from countries through several sources, including the Conference of Parties to the global environmental conventions, the Country Dialogue Workshops and monitoring and evaluation activities, the Secretariat and the Implementing Agencies are undertaking several steps to improve the responsiveness of the GEF to country needs:

- (a) Project Tracking and Management Information System. To improve the quality of project information available to the countries and to keep track of the status of projects in the GEF project cycle, a Project Tracking and Management Information System (PMIS) is being developed. The PMIS, to be developed with common logging-in definitions, will include information on project submissions and responses.
- (b) Communication with Countries. The Implementing Agencies are developing plans to deepen the knowledge of their respective Resident Representatives, Regional and Country Directors about the GEF, and to strengthen the interaction of these offices with the country focal points. In addition to working with the country and regional offices of the Implementing Agencies, countries are also encouraged to contact the GEF Secretariat directly on any matter arising from their relationship with the GEF. To facilitate access and responsiveness, the Secretariat will post on the GEF website the name and contact information of staff members in the Implementing Agencies and the Secretariat who are available to assist the focal points. This information will also be provided to each country focal point. A newsletter targeted at national focal points is under development by the GEF Secretariat.

II. ACTIONS FOR COUNCIL DISCUSSION/DECISION

Increase PDF-B Limit for Projects involving preparation in multiple countries

19. Currently PDF-B allocations have a ceiling of US \$ 350,000. As GEF's work program has evolved, there are several projects that involve preparatory activities in more than one country. Experience has shown that such projects incur a greater level of effort and expenditures to prepare and develop. As a result, the ceiling of US \$ 350,000 originally intended for single country projects is no longer realistic for application to all the different types/natures of projects that have since evolved. To accommodate such PDF-B requests, **it is proposed that the CEO be provided with discretionary flexibility to authorize PDF-Bs up to a ceiling of US\$ 700,000 for such projects that require preparatory activities in multiple countries.**

Enhance PDF-C Approval Authority for CEO

20. PDF-C funds, with a ceiling of US\$ 1 million, are normally limited for those projects which (i) have been approved by the Council, but require more technical work; (ii) are large scale, normally infrastructure, projects which require considerable technical design and engineering feasibility work; and (iii) where all pre-conditions of project preparation have been met, including national consultations, technical and engineering pre-feasibility work, and country commitment.⁹ The CEO approval authority is as follows:

- (a) up to US \$ 1 million for projects that have been approved by the Council;
- (b) up to US \$ 750,000 for projects not yet approved by the Council; and
- (c) in consultation with the Council, between US \$ 750,000 and US \$ 1 million for projects not yet approved by the Council.

21. To facilitate more expedient processing and approval of PDF-Cs, and to enhance the efficiency of the project cycle, **it is proposed the CEO's authority limit for all PDF-Cs be enhanced to US \$ 1 million, whether or not the associated project has been approved by the Council.**

Council Review of Projects for Work Program Inclusion

22. Currently, approval of the work program is subject to comments made at the meeting or by Council members in writing within three weeks of the meeting. To further streamline the process of inclusion of projects in the work program, the Council **is invited to agree that all written comments on projects should be submitted in writing within the four weeks circulation period¹⁰ prior to the Council meeting, and no later than the end of the Council meeting.**

Streamlining Country Endorsements

23. Steps undertaken by the Secretariat and the Implementing Agencies to streamline country endorsements in the project review process are described in paras 10 and 11 in this document. To further streamline this process, **it is proposed that endorsement be streamlined** as follows:

- (a) A country endorsement by the national operational focal point provided at the time a request is submitted for GEF PDF-B funding will suffice as the country endorsement for the project proposal submitted for inclusion in the work program, unless the national focal point specifically requests that a second endorsement be sought prior to work program inclusion.¹¹

⁹ GEF/C.3/6, *The Project Development and Preparation Facility (PDF)*.

¹⁰ The circulation period starts when the Council documents are posted on the GEF web-site.

¹¹ With the exception of medium-sized projects, country endorsement submitted with a PDF-A request will not suffice as an endorsement for subsequent project processing. Also, an additional country endorsement

- (b) The Secretariat may also request the Implementing Agency to seek a second endorsement prior to inclusion of the project proposal in the work program
 - (i) if the Secretariat determines that the project design has fundamentally changed between the PDF request and the project proposal submission, or
 - (ii) when there are specific country commitments in the project proposal that require confirmation.

III. ACTIONS FOR COUNTRIES' CONSIDERATION

Country Level Coordination

24. As an element of the strategy to strengthen country-level coordination, a workshop on “Good Practices in Country-Level Coordination” was held in Washington, D.C., on March 14-15, 2000. Countries are invited to consider some of the major “good practices” discussed at the workshop:

- (a) Coordination on GEF matters is more effective when it is anchored in an overall national strategy for handling sustainable development issues at the national level. Many countries have coordination mechanisms for conventions that are closely aligned with their GEF coordination processes;
- (b) Many countries have established clear structures and procedures for coordination, including project review/submission, that tends to be standardized, relatively transparent, and fairly inclusive. Countries have often established processes that enabled the coordination structure to draw on national expertise, often outside the government, for advice and technical support.
- (c) Some countries consider national coordination as an effort to ensure country ownership of GEF projects, facilitate project sustainability, and strengthen the capacity of different national institutions in the GEF focal areas;
- (d) Good coordination among the same constituency countries requires an agreed mechanism. Rotation among the constituency members for the seats of Council Member/Alternate is vital to nurture and sustain the mechanism once set up.

Single GEF Focal Point

25. Streamlining of GEF Operations will be further facilitated if countries could facilitate timely endorsements of GEF projects. Towards this objective, countries are invited to consider having a single in-country GEF focal point.

is required for a PDF-C, usually requested for further project preparation after a project has been approved by the Council or recommended for work program inclusion by the CEO.

IV. ACTIONS TO BE FURTHER DEVELOPED

26. The following actions, identified at the GEF retreat, will be further developed for implementation or Council decision, as appropriate.

Service Norms

27. The Secretariat, in consultation with the Implementing Agencies, will review, formalize and monitor processing service norms.

Country Focal Point Support.

28. The Secretariat, with the UNDP and the World Bank, will review cost-norms for support to the Country Operational Focal Point.

Programmatic Approach

29. The Secretariat, in consultation with the Implementing Agencies, will further clarify strategic and programmatic approaches, definitions and criteria.

Secretariat-managed Project Reviews after Project Approval

30. The Secretariat and the Implementing Agencies have agreed on selective Secretariat-managed project reviews after project approval,¹² based on the GEF Project Review Criteria. Such reviews will be undertaken in coordination with supervision and review processes at the Implementing Agencies.

Project Completion Reports

31. The CEO will discuss with the Heads of Implementing Agencies the modalities to make public Project Completion Reports.

Review of Operational Program Framework

32. During the upcoming fiscal year, the Secretariat, in consultation with the Implementing Agencies and STAP, will initiate a review of the Operational Program framework to develop a strategic approach to Operational Program development and consolidation as appropriate.

¹² The Secretariat Monitoring and Evaluation team is preparing detailed terms of reference for “Implementation Quality Reviews”.