



GEF/GBFF.01/04/Rev.02

February 9, 2024

1st GBFF Council Meeting
February 8-9, 2024
Washington D.C., USA

Agenda Item 04

GLOBAL BIODIVERSITY FRAMEWORK FUND (GBFF) PROJECT CYCLE POLICY

Recommended Council Decision

The Council, having considered document GEF/GBFF.01/04/Rev.02, *Global Biodiversity Framework Fund (GBFF) Project Cycle Policy*, approves the Policy, which will apply to all GBFF projects as of the effective date of its approval.

The Council delegates the authority to the GEF CEO to approve projects up to US\$ 5 million.

The Council approves to require a Mid-Term Review for projects above US\$ 2 million

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INTRODUCTION

1. The Kunming-Montreal Global Biodiversity Framework (KMGBF) was adopted at the Fifteenth Conference of the Parties (COP 15) to the Convention on Biological Diversity (CBD), held in Montreal, Canada from December 7 to 20, 2022¹. Specifically in paragraph 20, the COP decision, CBD/COP/DEC/15/15 “Requests the Global Environment Facility to establish, in 2023, and until 2030 unless the Conference of the Parties decides otherwise, a special trust fund to support the implementation of the Kunming-Montreal Global Biodiversity Framework, to complement existing support and scale up financing to ensure its timely implementation, taking into account the need for adequacy, predictability, and timely flow of funds.”
2. The GEF Council approved the establishment of the Global Biodiversity Framework Fund (hereinafter GBFF) and GBFF Programming Directions at its 64th meeting in June 2023 and ratified by the GEF Assembly in its 7th meeting held in Canada in August 2023.
3. In response to the guidance provided by the COP in paragraph 23 of the Decision CBD/COP/15/15: “Requests the Global Environment Facility to design and implement a project cycle with a simple and effective application and approval process, providing easy and efficient access to resources of the Global Biodiversity Framework Fund”, the GBFF Programming Directions document includes the main themes of the GBFF project cycle. This document presents the proposed Project Cycle Policy attached in Annex I for GBFF Council approval. The proposed Policy includes a consolidated set of Council-approved criteria and requirements (hereafter referred to as the “Policy”) applicable to all GBFF projects.
4. Following Council approval of the Policy, the Secretariat will develop, in consultation with the GEF Agencies (hereafter referred to as “Agencies”), and STAP and the Trustee as needed, guidelines that will include additional instructions, procedural steps, and explanatory information (hereafter referred to as “Guidelines”) to enable the implementation of the Policy. The Secretariat will post the Guidelines on its website after CEO approval and will notify the Council and other stakeholders. This Policy and the Guidelines will be updated as needed.

¹ CBD, 2022, *Decision Adopted by the Conference of the Parties to the Convention on Biological Diversity, 15/4. Kunming-Montreal Global Biodiversity Framework*, CBD/COP/DEC/15/4.

OVERVIEW OF THE PROPOSED POLICY

5. In preparing the proposed Policy in Annex I, the Secretariat reviewed the current project cycle for the GEF and LDCF/SCCF Trust Funds. The analyses carried out led to a series of modifications that aim to increase efficiency while preserving the GEF principles of accountability, transparency, and compliance. The proposed Policy reflects GBFF's unique modality, related review and approval criteria, and key processing and approval steps.

6. The proposed Policy is different from the current Project and Program Cycle Policy (applicable to GEF TF, LDCF, SCCF) in the following aspects: (i) the Secretariat carries out selection rounds at PPG stage through a streamlined template; (ii) 9-months after the CEO approval of selected PPGs, the Agencies submit the fully prepared projects; (iii) the GBFF Council reviews and approves a Work Program constituted by fully prepared projects cleared by the Secretariat; (iv) the CEO endorses projects following the Council approval of the Work Program for projects with no comments; (v) projects with comments (from Council, STAP or CBD Secretariat) have three months after approval of the Work Program to satisfactorily address the comments and obtain the CEO Endorsement – those projects that fail to do so, will be included in the next Work Program; (iv) due to a different preparation time frame, it includes provisions for the cancellation of projects to incentivize faster preparation and implementation.

7. To avoid the creation of new terminology, the Proposed policy uses most of the terms and concepts already utilized in the Project and Program Cycle Policy for GEF TF, LDCF and SCCF. For instance, the CEO Approves PPGs, and the CEO Endorses (i) projects following GBFF Council Approval of the Work Program and (ii) projects up to US\$ 5 million. Finally, per the approved provision of the GBFF Programming Directions document, the proposed Policy applies to the jointly GBFF / GEF TF initiatives that may be presented in the future.



Policy: GBFF/PL/01
February 9, 2024

ANNEX I: GBFF PROJECT CYCLE POLICY

PURPOSE AND APPLICATION

1. This Policy sets out the rules governing the cycles for GBFF-financed Projects.

DEFINITIONS AND ACRONYMS

Agency Fee: means the financial resources provided to the Agency in connection with the preparation and implementation of a GBFF project.

Amendment: means a change in project design, implementation or execution that has a significant impact on the project's objectives, scope, or flow of funds, and / or an increase of the GBFF Project Financing.

Convention: means an international environmental agreement as defined in the Instrument.

CEO Endorsement Request: means the applicable document that sets forth a Project that is requesting endorsement for GBFF financing.

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

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

GBFF Project: means an activity or set of activities that promote the achievement of the purposes of the GBFF for which resources from the GBFF Trust Fund operated by the GEF have been requested by the GBFF Implementing Agency.

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

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

Operational Focal Point (OFP): means a government official nominated by a GBFF Participant who acts as the principal contact point for GBFF activities in the country.

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

Project Preparation Grant (PPG): means the funding provided to support the preparation of a GBFF Project.

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

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

Work Program: means a group of individual fully developed Projects that is presented for Council approval in a GBFF Council meeting.

Work Program Cover Note: means a document that summarizes and analyzes the Work Program.

INTRODUCTION

2. The GBFF finances a single project modality, “GBF Fund Projects”. It accounts for all projects under the GBFF irrespective of the financing size. GEF Implementing Agencies (hereafter referred to as “Agency” or “Agencies”) present these projects to the GEF Secretariat on *behalf* and *with the endorsement* of GBFF recipient countries.

3. This Policy describes the mandatory requirements for GBFF-financed projects.

GBFF Projects

4. The Agency prepares a Project Preparation Grant (PPG) *at the request of* and *in consultation with* relevant country institutions and other relevant partners and submits it to the Secretariat through the PPG Form (PPG). The respective Operational Focal Point endorses the PPG and the related Project Financing and Agency fee for the project itself. The Agency submits PPGs to the Secretariat for consecutive selection rounds.²

5. The Secretariat reviews each eligible PPG taking into consideration relevant GBFF programming directions, including provisions set forth in a review sheet. The PPG request also includes specific questions on the agreed selection criteria, the PPG Agency Fee, the Project Financing, and the Project Financing Agency Fee.

6. If a PPG does not meet the conditions for approval, the Secretariat may reject it or request additional information. The CEO decides whether to approve PPG and PPG Agency Fee. The Project Financing and the Project Financing Agency Fee are set aside, pending subsequent approval by Council.

7. The Agency will submit the Endorsement Request at or before 9 months after PPG approval in compliance with the GBFF Project Cancellation provisions. If applicable, the Agency also submits to the Secretariat the associated Project Document that is in a form as submitted to the Agency’s internal approving authorities. The Agency, in consultation with the country concerned, and with the CEO’s concurrence, may also cancel a project before Endorsement submission.

8. The Secretariat reviews the CEO Endorsement Request taking into consideration the relevant GBFF strategies, policies, and guidelines, including provisions set forth in a review sheet. If the CEO Endorsement Request does not meet the conditions for endorsement, the Secretariat may reject it or request additional information.

9. Once the Secretariat determines that the project proposal meets the conditions for Endorsement, the CEO decides whether to include it in a Work Program. A cover note is issued for every Work Program. The list of individual CEO Endorsement Requests,³ with the requested

² Consecutive selection rounds’ details are presented in document *GBFF/C.01/03 – Policy Allocation of Resources for the Global Biodiversity Framework Fund (GBFF)*.

³ In the case of Agencies that also present Project Documents that is submitted to the Agency’s internal approving authorities, these Project Documents will be web posted.

Project Financing amounts, and associated Project Financing Agency Fees as stipulated in the Agency Fee Policy, are annexed to the Work Program Cover Note.

10. Eight weeks in advance of a GBFF Council meeting, the individual Endorsement Requests cleared by the Secretariat for inclusion in a Work Program *and* the related Cover Note are posted on the GEF website and circulated to Council Members, STAP, and CBD Secretariat for them to provide any comment by the time of the meeting. Council has two additional weeks after the meeting to provide further written comments.

11. The GBFF Council decides during its meeting whether to approve the entire Work Program or to exclude any project from the proposed Work Program, which may be considered in a future GBFF Council meeting. For projects with no comments by Council and/or the CBD Secretariat, or with comments rated 'concur' by STAP, the CEO issues endorsement letters immediately after Council approval of the Work Program.

12. If at least four Council Members request that a project be reviewed at a future GBFF Council meeting, the CEO submits the revised project document to the next GBFF Council meeting and only endorses the project for final approval by the Agency if the GBFF Council finds that the project is consistent with the GBFF policies and procedures.

13. For projects with comments, Agencies must respond in a timely manner, so comments are cleared, and a CEO endorsement letter is issued within 3 months after the approval of the Work Program by the GBFF Council, under the following scenarios:

- (a) Responses by Agencies to comments provided by CBD Secretariat will be cleared by the GEF Secretariat.
- (b) Responses by Agencies to comments provided by STAP will be cleared by the Secretariat when comments are rated 'minor', while STAP will confirm that its comments have been satisfactorily addressed for projects that are rated 'major' on a no-objection basis.
- (c) Responses by Agencies to comments provided by GBFF Council Members will be cleared by the respective Council Member on a no-objection basis.

14. Projects for which Agencies could not satisfactorily respond to comments from CBD Secretariat and/or GBFF Council and/or STAP as presented in paragraph 13 (a) – (b) – (c) within 3 months after the approval of the Work Program, will be included in the next Work Program alongside the new set of CEO Endorsement Requests included by the CEO in such Work Program.

15. As a complement to Work Programs at GBFF Council meetings, projects up to US\$ 5 million cleared by the Secretariat can be Endorsed by the CEO based on the delegated authority provided by the GBFF Council. These projects will be circulated to Council Members four weeks prior to CEO Endorsement. Council's comments can be directly uploaded in Portal. Projects ranging from US\$ 2 million to US\$ 5 million will be also circulated to STAP four weeks prior to CEO endorsement for comments. The Secretariat will clear STAP comments and ensure that the Agency will respond adequately to any and all comments to the satisfaction of the Council

Member that provided the comment before recommending final CEO endorsement. The Secretariat will include a list of these projects in the Work Program Cover note at the next Council meeting, adding clarification notes as appropriate.

16. After CEO Endorsement, the Agency approves the project following its own internal procedures and begins project implementation set by the submission of the first disbursement report to the Secretariat. The Secretariat posts the endorsed project documents on the GEF website in a manner that protects information received in confidence.

17. For any Amendments after CEO Endorsement, the Secretariat circulates the amended CEO Endorsement Request and the Project Document if applicable to the GBFF Council, for its review on a non-objection basis during a period not to exceed 4 weeks. Any comments from Council members should be satisfactorily addressed for the project to be re-endorsed.

Implementation, Monitoring, and Evaluation

18. Implementation begins following Agency's submission to the Secretariat of the report of first disbursement. Each Agency is responsible for the project's implementation and is directly accountable to the Council. Agencies conduct project-level monitoring and evaluation activities in accordance with the Agency systems and consistent with the [GEF Policy on Monitoring](#). Agencies undertake mid-term reviews for all GBFF projects under implementation and submit them to the Secretariat. Agencies submit Terminal Evaluation reports to the GEF Independent Evaluation Office.

Set-aside, Commitment, and Transfer of Funds

Set-aside and Commitment

19. The Trustee reserves indicative allocation of funds for the approved PPGs through set aside. The Trustee formally makes available the funds for the intended use at the stage of commitment.

20. Approval of PPGs by the CEO is subject to the availability of resources in the GBFF. Upon the CEO approval of the PPGs, the Trustee commits funds towards the PPGs (all project costs including Project Financing and associated Agency fees) submitted by the Secretariat on a periodic basis (to be determined). The Trustee commits funds for the Project Financing and associated Agency Fee to the Agency only after CEO endorsement, based on the amount endorsed by the CEO. Project Fees are committed in tranches: 20% at CEO Endorsement, 50% at First Disbursement, and 30% at the submission of the project's Mid-term review to the Secretariat.

Transfer of Funds

21. The Agency requests transfer of funds for a project after (i) the Trustee commits the funds for the project pursuant to paragraphs 19 and 20 above, and (ii) the Agency approves the projects in accordance with its policies and procedures.

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

Provisions for Cancelling a GBFF Project

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

- (a) Prior to CEO Endorsement of a GBFF Project, as set forth in paragraphs 24 and 25 below,⁴ Agencies, after consultation with countries, may cancel a project.
- (b) After CEO Endorsement/approval, the Agency may cancel, terminate, or suspend a project in accordance with its policies and procedures.

24. The Secretariat and the Agencies use the following procedure to help ensure that the project time-standard set forth in paragraph 7 above is met: if the project (with the required documentation) cannot be submitted for CEO Endorsement within 9 months of the date of CEO approval of a PPG, the country Operational Focal Point (or the Agency for Regional / Global projects) may request an exception from the CEO to the cancellation of a project before this 9-month deadline for submission of the CEO Endorsement request only in cases of an extraordinary event or circumstances clearly beyond the control of the parties, such as a war, flood, earthquake, epidemic, or similar circumstances which prevents them from meeting the business standards in paragraph 7. After consideration of the exception request and provided that the request is received prior to the last day of the 9th month, the CEO determines whether to grant a one-time exception for up to three months and communicates such decision in writing. The CEO communicates any exception decision to the Council for information and posts the information on the GEF website. Should the CEO Endorsement request nor the Request for Extension is submitted by the 9-month deadline, the CEO notifies the Agency, the recipient country Operational Focal Point, and the Trustee informing them of the cancellation of the project stating an effective date for the cancellation.

25. If after 12 months from the date of CEO Endorsement, the project has not started implementation, which is set by the submission of the first disbursement to the Secretariat, the CEO notifies the Agency, the recipient country Operational Focal Point, and the Trustee informing

⁴ The CEO may also cancel a project on the basis of detection of corruption or fraudulent practices during procurement of a contract, if confirmed by the GEF Agencies according to its policies and procedures, where the grantee/borrower has failed to take action acceptable to the GEF to remedy the situation.

them of the cancellation of the project stating an effective date for the cancellation.

26. If a project is cancelled by the CEO in accordance with paragraphs 24 and 25, the Agency may resubmit the project for CEO Endorsement within one year from the effective date of cancellation without resubmitting a PPG. Subject to availability of resources in the GBFF (and the GBFF country's allocations), and the project meeting the required criteria for endorsement, the Secretariat circulates the CEO endorsement request and the Project Document when applicable to the GBFF Council, for its review on a no-objection basis during a period not to exceed 4 weeks.