



GEF/C.67/05/Rev.01

June 14, 2024

67th GEF Council Meeting

June 17 – 18, 2024

Washington D.C., USA

Agenda Item 05

**STREAMLINING THE GEF PROJECT CYCLE:
REPORT FROM THE WORKING GROUP ON THE STREAMLINING PROCESS**

Recommended Council Decision:

The Council, having considered document GEF/C.67/05/Rev.01, *Streamlining the GEF Project Cycle: Report from the Working Group on the Streamlining Process*:

- a. Appreciates the work of the Council Working Group and supports its continued work up to the next Council meeting in December 2024;
- b. Endorses continued work by the Secretariat as outlined in this report, with support from Agencies and others as appropriate;
- c. Encourages Agencies to also identify areas for further streamlining and efficiencies within their own processes and communicate these to the Secretariat and Working Group;
- d. Endorses further development of proposals for decision in December 2024, considering advance consultation requirements for any proposals requiring changes to policy and guidelines.

Table of Contents

Definitions and Acronyms..... 1

I. Background..... 3

i. Goal for Streamlining – An Overview of GEF-8 Recommendations and Related Council Decisions 3

ii. Terms of Reference of the Working Group and Summary of Work to Date 5

iii. Current Status of the GEF Project Cycle..... 6

iv. Project Speed in Reaching Key Milestones..... 7

a) PIF Submission to CEO Endorsement..... 7

b) PIF Submission to Agency First Disbursement 8

c) CEO Endorsement/Approval to Midterm Review (MTR)..... 9

d) CEO to Endorsement/Approval to Terminal Evaluation 9

e) CEO Endorsement/Approval to Financial Closure..... 10

v. Disbursement of GEF Projects..... 10

vi. Evaluation of the GEF Project Cycle 11

II. Efficiency Measures Introduced Over the Years 12

III. GEF-8 Measures on Streamlining..... 14

IV. Dual Role: The Speed of Projects under Dual Implementation and Execution by GEF Agencies..... 15

V. Harmonization across Climate Funds – Potential Efficiency Gains..... 16

VI. Global Biodiversity Framework Fund Pilot 17

VII. Measures to Develop Further..... 18

VIII. Non-Project Cycle Policy Issues with Implications for Speed/Efficiency 20

Definitions and Acronyms

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

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

Child Project means an individual project under a Program.

Concept: means either a PIF for FSPs and MSPs or a PFD for a program or an EA Template used for non-expedited EAs.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Trust Fund: means any trust fund that serves the objectives of the GEF, including the GEF Trust Fund, the Least Developed Countries Fund (LDCF), the Special Climate Change Fund (SCCF), the Nagoya Protocol Implementation Fund, or any future trust funds established under the authority of the GEF Council.

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

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

I. Background

i. Goal for Streamlining – An Overview of GEF-8 Recommendations and Related Council Decisions

1. The extensive policy reform agenda implemented through the GEF-6 and GEF-7 replenishment periods resulted in the updating and upgrading of significant portions of the GEF policy framework, as can be seen in Figure 1. These were designed to improve project outcomes and the GEF’s overall effectiveness and efficiency.

Figure 1: Significant Policy Developments adopted

Issue	Decision/Actions
Results and Accountability	<ul style="list-style-type: none"> ○ New Monitoring Policy, Guidelines and approach to monitoring and reporting (AMR) ○ Updated Co-financing policy, clarified definitions, raised ambition to 7:1, reporting annually ○ Simplify, clarify, increase transparency ○ Measures to enhance sustainability
Partnership/ Governance	<ul style="list-style-type: none"> ○ Guidelines on Stakeholder Engagement (Policy already Approved) ○ Updated Minimum Fiduciary Standards (AML/CFT) ○ Updated Policy on Environmental and Social Safeguards (and guidelines) ○ Tracking of concentration and dependency (30% ceiling for Agencies) ○ Governance Working Group Established ○ Clarification of roles and responsibilities within partnership
Private Sector	<ul style="list-style-type: none"> ○ New Private Sector Strategy
Operational Efficiency	<ul style="list-style-type: none"> ○ Revised Fee Policy ○ Revised Project and Program Cycle Policy ○ Revised Cancellation Policy ○ Up-date of operational guidelines
Knowledge and Management of Data	<ul style="list-style-type: none"> ○ GEF Portal; enhanced partner’s access; improved data governance ○ Expanded disclosure approach (policy); improved transparency (access to data); ○ Use IT-based solutions to capture, analyze and share lessons learned, report to Council ○ Introduction of country (Country Fact Sheet) and agency management tools (Agency Scorecards)
Gender Equality	<ul style="list-style-type: none"> ○ Updated Policy on Gender Equality, Guidelines and Implementation Strategy ○ Improved tracking and reporting on gender results
Responsible Investment	<ul style="list-style-type: none"> ○ Options prepared for Council (by Trustee)

2. To further consolidate and enhance the policy framework, GEF-8 Policy Directions¹ proposed cross-cutting actions to be developed and implemented with a view to streamlining GEF processes, improving project cycle and operational efficiency, and reducing transactions costs across the following key areas: i) Concentration of GEF Support among Agencies, ii) The GEF-8 Results Framework, iii) Extending the GEF’s

¹ GEF/R.08/31, GEF-8 POLICY DIRECTIONS: THE ENABLING ENVIRONMENT FOR TRANSFORMATION, April 4, 2022 https://www.thegef.org/sites/default/files/documents/2022-04/GEF_R.08_31_GEF-8_Policy_Directions.pdf

Inclusion Agenda, iv) Sustainability Considerations in GEF Investments, and v) the System for Transparent Allocation of Resources (STAR).

3. The GEF-8 Policy Recommendations² endorsed by Council elaborated that across all aspects of GEF programming, further analysis and identification of additional actions aimed at streamlining processes, reducing administrative burden, and reducing the transactions costs associated with GEF investments will be undertaken by the Secretariat. It was agreed that during GEF-8, a review of the project and program cycle would seek to identify areas for further streamlining and efficiency. Through consultations with Agencies, recipient countries and others, including STAP (Scientific and Technical Advisory Panel) and the Trustee as appropriate, and taking into consideration the findings and recommendations of OPS7, concrete measures would be identified and operationalized. Issues requiring Council approval would be submitted for deliberation by Council as needed.

4. Participants requested the Secretariat to introduce further streamlining measures aimed at reducing project processing time through simplification of proposal templates and information solicited, decentralization of responsibilities to increase ownership by recipient countries, thereby scaling down transaction and administration costs for all Agencies, reducing administrative costs, and facilitating increased access by the Multilateral Development Banks (MDBs).

5. In 2023, work to identify further streamlining options was initiated, in accordance with GEF-8 Policy Recommendations that mandated cross-cutting efforts to streamline and implement further efficiency measures throughout GEF Partnership operations, involving all actors in the project cycle. Following consultations with GEF Agencies, the Secretariat prepared document GEF/C.66/08/Rev.03, Streamlining the GEF Project Cycle³. At its 66th meeting, the GEF Council, having considered this document, approved an immediate measure to increase the cap for Medium-Sized Projects from US\$ 2 million to US\$ 5 million, while still requiring Mid-Term Reviews for projects above US\$ 2 million.

6. The Council also decided to establish a Working Group (WG) to further elaborate options to streamline the GEF project cycle, including the non-exhaustive list of issues and potential measures provided in Annex 1 of the Council document GEF/C.66/08/Rev.03.

7. Council Decision 3/2024 requested “the Secretariat and an ad hoc working group of interested Council Members and Alternates equally representing donors and recipient countries, to elaborate additional measures for streamlining the GEF project cycle, taking into account ongoing efforts to enhance coordination and harmonization across the climate and environment funds, in consultation with GEF Agencies, GEF Focal Points and others as appropriate, for consideration by Council at its 67th and 68th meetings.”

² GEF/R.08/32, REVISED POLICY RECOMMENDATIONS, April 4, 2022

https://www.thegef.org/sites/default/files/documents/2022-04/GEF_R.08_32_Revised_Policy_Recommendations.pdf

³ https://www.thegef.org/sites/default/files/documents/2024-02/EN_GEF.C.66.08.Rev._03_Streamlining_GEF_Project_Cycle.pdf

ii. Terms of Reference of the Working Group and Summary of Work to Date

8. In accordance with Decision 3/2004, a Council Working Group (WG) on Streamlining was established in April 2024, consisting of Council members from Brazil, France, India, Netherlands, Norway and the United Kingdom.

9. This WG aims to facilitate structured and inclusive dialogue and deliberation among the GEF Secretariat and Council, in consultation with relevant Agencies and partners as appropriate, toward identifying and considering further options to streamline the GEF project and program cycle. The WG is taking into consideration the issues presented in the Annex of Council document GEF/C.66/08/Rev.03 and reviewing analytical work that could assist in exploring potential options and consider good practices and/or lessons/examples from similar climate and environment funds. Then, based on additional research, analytical work, and consultations, the WG is expected to propose further streamlining measures for Council consideration.

10. The WG agreed to develop the following outputs:

- an interim document summarizing issues and opportunities identified and under consideration, based on available data and evidence. The document would also identify gaps in data to determine additional analytical work that will need to be undertaken to fill information gaps to better elaborate options. This is the document presented to the Council at its 67th meeting in June 2024.
- a decision paper detailing the findings of analytical work and consultations, and proposed measures to be taken, including amendments to GEF policy(ies) required to implement the streamlining options identified, as well as tradeoffs, costs, and risks (if any) to be considered. This document will be presented to the Council at its 68th meeting in December 2024 for decision.

11. Since establishment, the WG has met three times (April 9, April 23 and May 9) and reviewed the current status of the project cycle and the impact of various efficiency and streamlining measures introduced by the Secretariat in recent years. Following guidance from Council at its 66th meeting, the WG has focused on the project and program cycle, identifying a need for further data collection and analysis that can help WG to develop options for potential improvements in project processing times by different actors across the partnership. Also following this guidance, the WG has deferred consideration of other issues listed in the previous Council paper, such as separation of implementation and execution functions, project management costs and co-financing, which require further analysis.

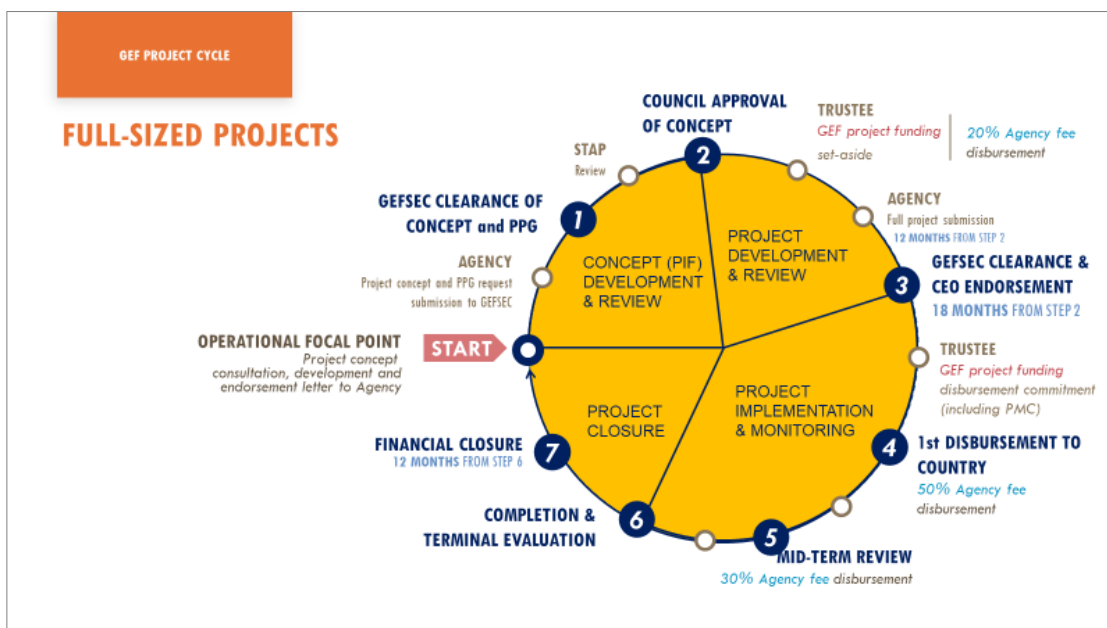
12. This paper serves as an interim report, summarizing the outcome of work to date and outlining next steps.

iii. Current Status of the GEF Project Cycle

13. All GEF investments follow the GEF Project and Program Cycle Policy⁴. According to this policy, the GEF provides funding through four modalities: full-sized projects (FSPs), medium-sized projects (MSPs), enabling activities (EAs), and programmatic approaches. The selected modality should be the one that best supports the project objectives, and each modality requires completion of a different template for processing.

14. Per current policy, FSPs are those projects over US\$ 5 million, and they are subject to a two-step approval process. The GEF FSP cycle consists of seven distinct milestones, as illustrated in Figure 2. These milestones take a project through concept (PIF⁵) submission to Council approval and to CEO endorsement, and then through Agency disbursement to country, implementation, completion and financial closure stages, as shown in Figure 3.

Figure 2. Current GEF Full Sized Project Cycle

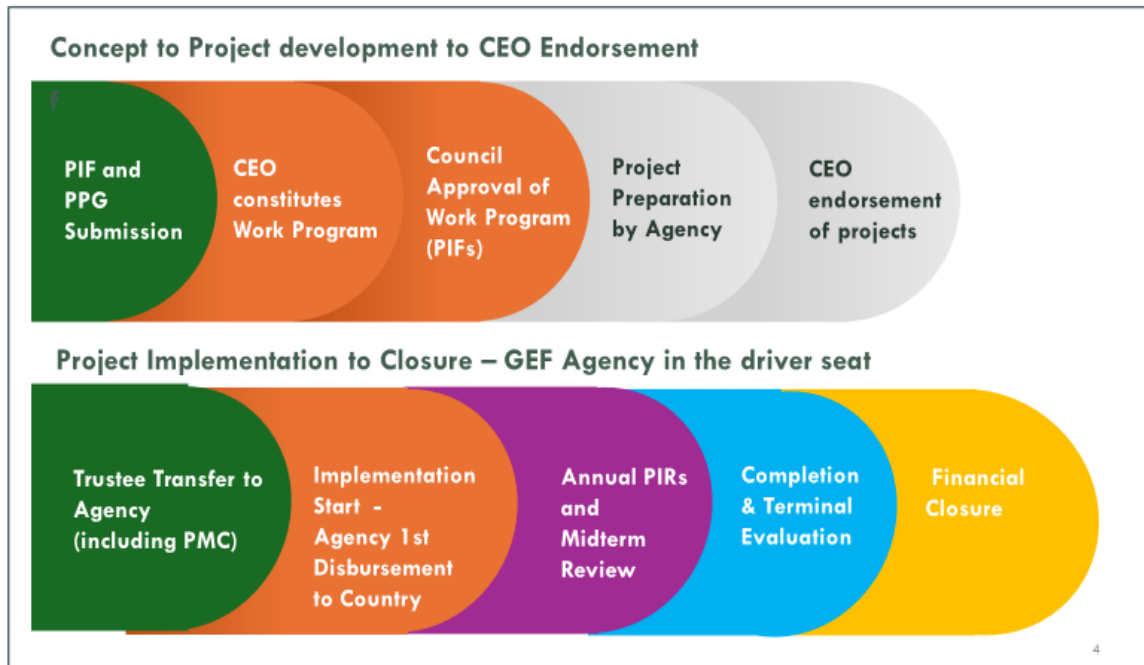


⁴ Latest update of this policy was approved by Council in December 2018 and went into effect in March 2019.

https://www.thegef.org/sites/default/files/documents/Project_Program_Cycle_Policy.pdf

⁵ Project Information Form (PIF)

Figure 3. Key Stages in the GEF FSP Cycle



iv. Project Speed in Reaching Key Milestones

a) PIF Submission to CEO Endorsement

15. An analysis conducted during GEF-7 found that FSPs took on average approximately 25 months (about 2 years) from concept (PIF) submission, through Council Approval to CEO Endorsement. Over three-quarters of this total represents time required for Agency planning and preparation; about 15% represents time going through GEF Secretariat review; and about 5% represents the time required for Council review and approval.

16. A recent analysis conducted in May 2024, found that average time from PIF submission to CEO endorsement during the period between FY15 and FY24 was 30.4 months (about 2 and a half years), 18.5 months (about a year and a half) for MSPs and 4.1 months for EAs⁶. (See Table 1)

⁶ This data includes non-expedited EAs which have PIFs. For expedited EAs, first submission dates are taken into account.

Table 1. Average time from PIF submission to CEO Endorsement across FY15 to FY24 (months)⁷

FY (Fiscal Year) of CEO endorsement	Avg Time	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
FULL-SIZED PROJECTS (FSPs)											
Time Spent (FSPs)	30.4	29.7	29.6	29.5	29.2	32.9	37.9	29.3	28.3	30.1	27.9
Sample size	102	137	96	140	111	47	76	82	179	107	40
MEDIUM-SIZED PROJECTS (MSPs)											
Time Spent (MSPs)	18.5	15.9	18.8	15.6	15.1	22.6	16.2	22.1	17.1	22.3	19.8
Sample size	49	81	66	40	57	29	19	42	76	52	26
ENABLING ACTIVITIES (EAs)											
Time Spent (EAs)	4.1	3.3	2.0	2.6	3.8	2.8	4.0	4.8	5.5	8.6	3.4
Sample size	30	29	52	38	30	19	23	10	63	7	27

b) PIF Submission to Agency First Disbursement

17. This analysis also showed that during the same period, the average time from PIF submission to agency first disbursement to countries was 43.3 months (about 3 and a half years) for FSPs, 28.9 months (about 2 and a half years) for MSPs under \$2 million and 16.5 months for EAs (See Table 2).

Table 2. Time from PIF Submission to Agency First Disbursement to Country (FY15 to FY24) - months⁸

FY for 1 st Agency disbursement to country	Avg Time	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Average Time Spent											
FSP	43.3	38.6	41.5	39.8	39.9	43.7	50.7	53.6	39.6	42.3	43.5
MSP	28.9	21.2	24.7	27.9	28.0	30.2	31.0	34.7	28.4	30.3	32.8
EA	16.5	13.8	15.7	14.1	20.9	24.2	15.6	15.5	18.5	10.6	NA

18. A comparison between tables 1 and 2 shows that during FY15 to FY24, it took **GEF agencies and countries, on average, 12.9 months to get an FSP from CEO endorsement to First Disbursement stage**, 10.4 months to get an MSP from CEO Approval to First Disbursement and 12.4 months to get an EA from CEO Approval to First Disbursement.

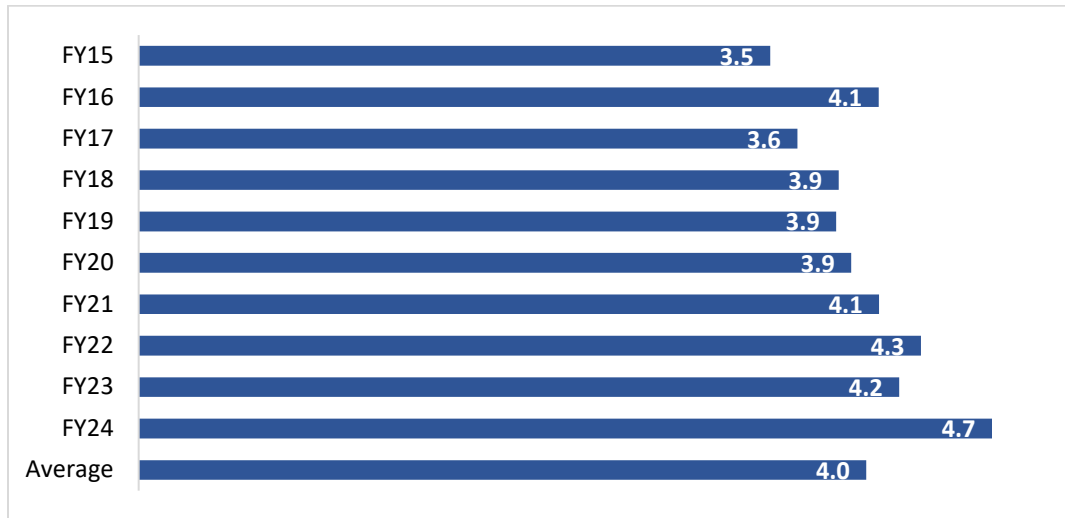
⁷ To ensure data consistency, only projects with PIFs submitted during and after FY08 are considered in this analysis. Concept submission dates for programs (i.e. PFDs) are used as the PIF submission date equivalent for the related child projects.

⁸ To ensure data consistency, only projects with PIF submitted in and after FY08 are considered in this analysis. Concept submission dates for programs (i.e. PFDs) are used as the PIF submission date equivalent for the related child projects.

c) CEO Endorsement/Approval to Midterm Review (MTR)

19. Recent analysis revealed that, from FY 15 to FY 24, GEF FSPs spent 4.0 years on average to progress from CEO Endorsement to Midterm Review (MTR). As seen in Figure 4, from FY17 onwards, FSPs took increasingly longer to reach this implementation milestone. This may potentially be due to increases in size and/or complexities of FSPs during this period or implications from the pandemic; however, such comparative analysis has not yet been conducted.

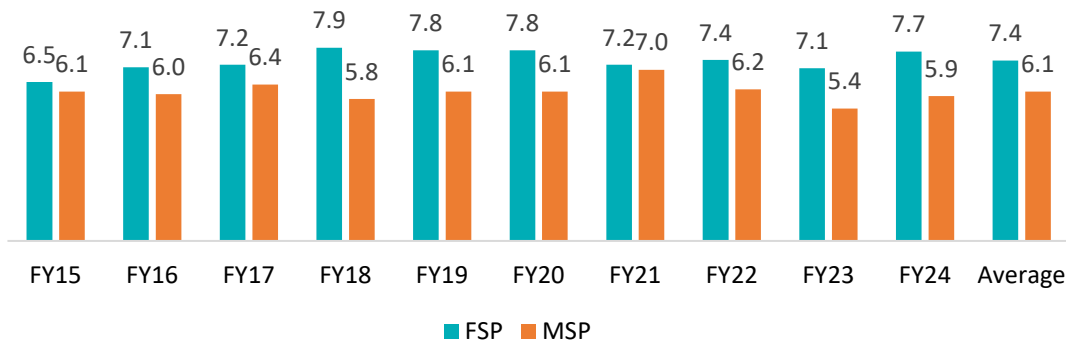
Figure 4. FSP average time from CEO Endorsement to MTR for FY15-24 (years)



d) CEO to Endorsement/Approval to Terminal Evaluation

20. Over the period from FY15 to FY24, the average time from CEO Endorsement to Terminal Evaluation (TE) was 7.4 years for FSPs and 6.1 for MSPs. (Figure 5)

Figure 5. Average time from CEO Endorsement/Approval to TE for FY15-24 (years)



e) CEO Endorsement/Approval to Financial Closure

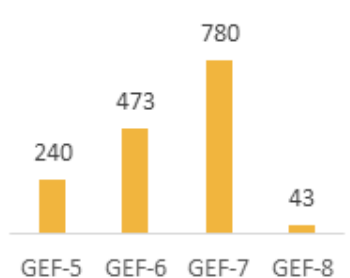
21. Recent analysis indicates that, between FY15 and FY23, the average time from CEO Endorsement to Financial Closure was 9.7 years for FSPs, 6.6 years for MSPs and 5.7 years for EAs. (Table 3)

Table 3. Time from CEO Endorsement/Approval to Financial closure (years)

FY of Financial Closure		Avg.	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
EA	Years	9.7	11.4	11.6	11.3	10.9	9.9	9.0	8.7	7.0	7.4
	Projects	30	4	18	26	51	54	34	39	30	13
FSP	Years	6.6	5.5	6.0	6.6	7.1	6.7	6.8	6.8	6.7	6.8
	Projects	60	9	28	42	64	86	80	74	96	60
MSP	Years	5.7	5.8	5.6	5.7	6.6	5.6	5.2	5.0	6.4	5.6
	Projects	34	17	21	22	39	49	48	45	37	32

22. **Active Projects:** The number of active (CEO endorsed/approved) projects that are yet to be completed is highest for investments from the GEF-7 phase, logically followed by projects endorsed in GEF-6 and GEF-5. (See Figure 6).

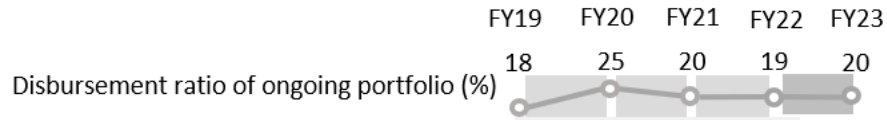
Figure 6. Active projects which are yet to reach completion by phase (FSP, MSP, EA)



v. Disbursement of GEF Projects

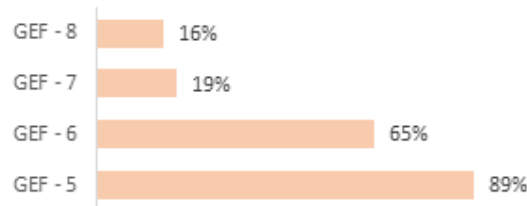
23. **Disbursement Ratio:** The disbursement ratio refers to the ratio of disbursements during a fiscal year to the undisbursed balance at the beginning of that fiscal year. The disbursement ratio for MSPs and FSPs has remained between 18-25 percent per fiscal year over the past five years, indicating that GEF financing is disbursed efficiently once projects are under implementation. (See Figure 7)

Figure 7. Disbursement ratio



24. **Disbursement rate:** The disbursement rate reflects the stage of implementation of each phase, showing the share of disbursed resources over committed resources at CEO Endorsement stage. It indicates that 89 percent of GEF-5 resources have been disbursed, and 65 percent and 19 percent for respectively GEF-6 and GEF-7 phases⁹. (See Figure 8)

Figure 8. Disbursement rate for CEO endorsed/approved projects (incl. fees and PPG)



vi. Evaluation of the GEF Project Cycle

25. The seventh comprehensive evaluation of the GEF (OPS7),¹⁰ conducted by the Independent Evaluation Office (IEO) in 2021 included a brief review of the GEF project cycle and found that while approvals for GEF-7 PIF submissions for FSPs were achieved at a faster rate than preceding periods, other aspects of the GEF project and program cycle were adversely affected by the COVID-19 pandemic. In particular, the time required from PIF approval to CEO endorsement was longer for GEF-7 projects compared with earlier periods, likely due to COVID-19 impacts and the CEO-granted blanket extensions of the cancellation deadlines. At the end of 18 months after PIF approval, only 14 percent of the approved GEF-7 PIFs had received CEO endorsement. At the same point in GEF-6, 22 percent of the project proposals had received CEO endorsement. The OPS7 concluded that the PIF approval to CEO endorsement stage was likely more affected by the pandemic because detailed project preparation requires stakeholder consultations, surveys, and the use of consultants, all of which were impacted during this period.

26. The last comprehensive evaluation of the GEF project cycle was conducted by the IEO in 2006.¹¹ The Council, having reviewed this evaluation (GEF/ME/C.30/6) and the management response (GEF/ME/C.30/7)¹²

⁹ In GEF-8, only a few projects have disbursed to date and 16% value indicated for GEF-8 in Figure 8 is based on a small sample and therefore, is not representative.

¹⁰ <https://www.gefio.org/sites/default/files/documents/evaluations/ops7.pdf>

¹¹ GEF/ME/C.30/6 *Evaluation of the GEF Activity Cycle and Modalities*
https://www.thegef.org/sites/default/files/council-meeting-documents/C.30_ME_6_Evaluation_GEF_Activity_Cycle_Modalities.pdf

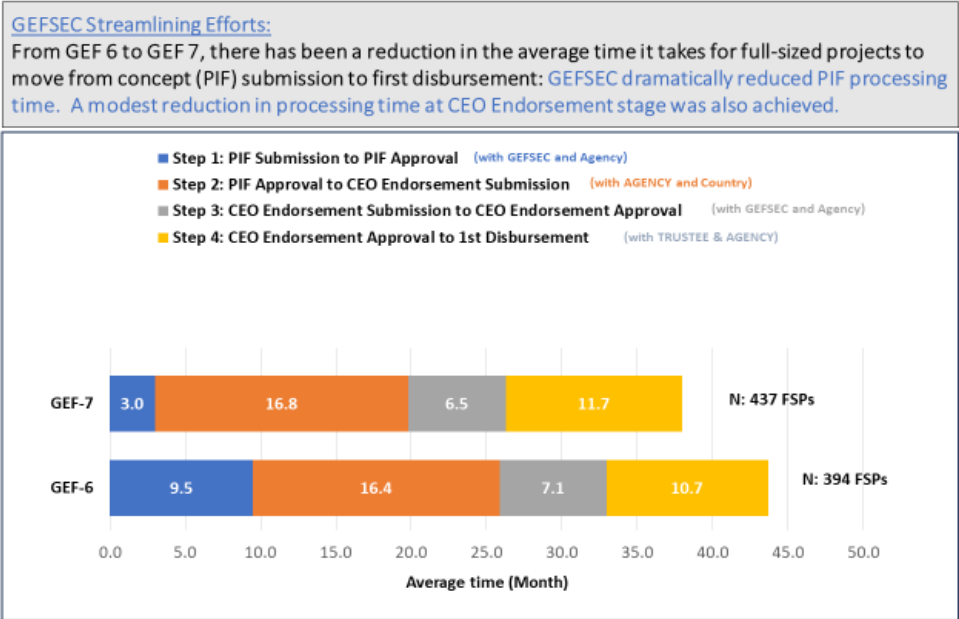
¹² GEF/ME/C.30/7 *Management Response to Evaluation of the GEF Activity Cycle and Modalities*
https://www.thegef.org/sites/default/files/council-meeting-documents/C.30.ME_7_Management_Response_Activity_Cycle.pdf

agreed with the management response that no gains would be achieved by streamlining the project cycle at the margins. The Council requested the Secretariat, in consultation with all the GEF entities, to identify and present options for a new project cycle, with the objective of processing a proposal from identification to start of implementation in less than 22 months without compromising project quality or undermining financial accountability. Consequently, the findings and recommendations of the 2006 IEO evaluation led to a major revision and update the project cycle which was approved by Council in 2007¹³. This update forms the basis of the current GEF project cycle.

II. Efficiency Measures Introduced Over the Years

27. From GEF-6 to GEF-7, there has been a reduction in the average time required for full-sized projects to move from concept to first disbursement, reflecting a significant reduction in processing time by the GEF Secretariat. A modest reduction in processing time at CEO Endorsement stage was also achieved. (See Figure 9). However, most of the time required from concept to approval continued to be for Agency project preparation. On average, in both GEF-6 and GEF-7, the time from PIF approval to CEO Endorsement was about 16 months.

Figure 9. Time from PIF submission to first disbursement by milestone for FSPs (months)



28. To further reduce the time GEF projects spend from concept to approval, an amendment to the GEF Project and Program Cycle Policy was approved by the Council in December 2018, introducing a set of efficiency

¹³ GEF/C.31/7, *GEF Project Cycle*
https://www.thegef.org/sites/default/files/council-meeting-documents/C.31.7_GEF_Project_Cycle.pdf

measures to streamline the GEF project cycle.¹⁴ There were a number of elements contained in this decision, including:

- Cancellation Policy:** Efficiency measures introduced in 2018 modified the GEF Cancellation Policy, requiring, for example, full sized projects (FSPs) to progress from PIF approval to CEO endorsement in eighteen months. There have been efficiency gains due to these changes even though full implementation of these provisions was interrupted during the pandemic, as extensions to cancellation deadlines were allowed exceptionally for some projects. In GEF-7, full size projects (FSPs) that did not benefit from pandemic related extensions or extensions for other reasons have progressed from Council PIF Approval to CEO endorsement within 16.8 months on average, compared to the 23 months (about 2 years) it took for GEF-5 and GEF-6 FSPs to reach the same milestone¹⁵. Thus, **in GEF-7, a 27% reduction was achieved in the time for FSPs to take from PIF approval to CEO endorsement, primarily due to the new cancellation policy requirements introduced in 2018**. Similar progress was observed for medium-size projects (MSPs) that did not benefit from pandemic related or other extensions in GEF-7. The time between CEO PIF Approval and CEO Approval for such MSPs was 14.9 months on average, down from the 20.1 months (about 1 year 8 months) it took GEF-5 and GEF-6 MSPs to progress from CEO PIF approval to CEO approval, indicating a 26% reduction, largely because of the new cancellation policy provisions (Figure 10).

Figure 10. Time from PIF Approval to CEO Endorsement for FSPs (left) and MSPs (right) in months (based on portal data as of April 2024)



16

- Agency Fee Disbursement in Tranches:** Efficiency measures introduced in 2018 also modified the GEF Project and Program Cycle Policy to link the disbursement of Agency fees, in tranches, to the achievement of certain project milestones such as first disbursement and MTR, starting with projects approved during GEF-7. As shown on Table 4, the time projects took to reach first disbursement in GEF-7 was on par with GEF-5 performance, but higher than GEF-6, plausibly in part due to the impact of the pandemic. **However, it is too early to measure the overall effectiveness of Agency fee tranching across the GEF-7 portfolio**. This is because only 12 GEF-7 projects have reached the MTR stage at this point. Nevertheless, it is noteworthy that for this small number of projects, it took only 2.7 years to reach MTR after CEO endorsement.

¹⁴ This policy is accompanied by a set of Guidelines that were updated in July 2020.

https://www.thegef.org/sites/default/files/documents/GEF_Guidelines_Project_Program_Cycle_Policy_20200731.pdf

¹⁵ Meanwhile, in GEF-7, FSPs that benefited from deadline extensions due to Covid-19 reached CEO endorsement in 23.8 months and MSPs that received extensions reached CEO Approval in 19.8 months.

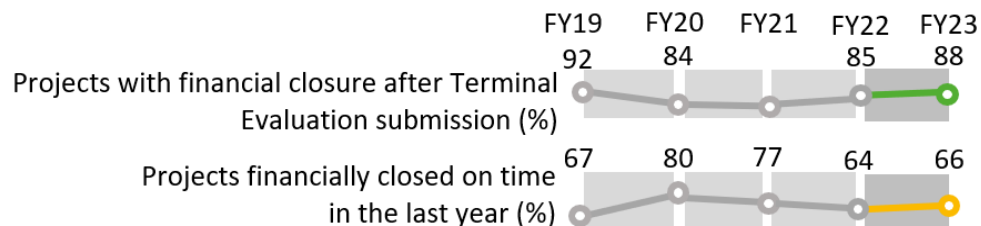
¹⁶ For projects (FSPs / MSPs 2-steps) whose PIFs or CEO Endorsement request (MSP 1-step) or Programs approved on or after March 1st, 2021.

Table 4. Time from CEO endorsement to First disbursements by phase (months)

	GEF-5	GEF-6	GEF-7
FSP	12.3	10.6	12.2
MSP	10.3	9.5	10.2
EA	12.9	10.6	9.4

- Timely Financial Closure:** Efficiency measures introduced in 2018 also included a requirement for projects to reach financial closure within 12 months from project completion. Over the past five fiscal years, **the share of projects reaching financial closure within 12 months from project completion has increased**, ranging from a low of 64% in FY22 and a high of 80% in FY20¹⁷ while the share of projects that were financially closed after submitting their Terminal Evaluations increased, reaching 92% in FY19 and 88% in FY23. (See Figure 11)

Figure 11. Progress in Reaching Financial Closure



III. GEF-8 Measures on Streamlining

- Streamlined Templates:** For GEF-8, the Secretariat has taken steps to simplify the GEF project cycle through streamlined templates for all four modalities: FSPs, MSP, EAs, and PFDs.¹⁸ These templates were designed to be more streamlined and the new template for EAs is the most simplified, enabling applications to provide essential information.¹⁹
- Harmonized Templates across Funds operated by the GEF:** Applications to the LDCF, SCCF and GEF Trust Fund already follow the same project and program cycle policy and guidelines. In GEF-8, the templates have been further harmonized across these funds, allowing for the option to design multi-trust fund (MTF) projects for better integration.
- Full Flexibility in STAR programming:** The full flexibility allowed in GEF-8 in programming of STAR focal area resources has contributed to the simplification of access to GEF resources, enabling

¹⁷ This mixed performance is partly because the backlog of projects with outstanding financial closure drags the average down as projects reach closure.

¹⁸ <https://www.thegef.org/projects-operations/templates>

¹⁹ <https://www.thegef.org/documents/gef-8-request-enabling-activity>

countries to move GEF resources across their climate change, biodiversity, and land degradation focal area allocations.

- **Increase in the cap for Medium-Sized Projects:** MSPs are subject to a more streamlined project cycle with rolling approvals by the CEO based on the delegated authority provided by the GEF Council. In February 2024, as a streamlining measure, the Council approved an increase in the funding cap for MSPs from US\$ 2 million to US\$ 5 million, enabling approval by the CEO for larger projects. To facilitate Council input, all MSPs will be circulated to Council Members four weeks prior to CEO approval for comments. Projects ranging from US\$ 2 million to US\$ 5 million will also be circulated to STAP four weeks prior to CEO approval for comments. The Secretariat will ensure that Agencies respond adequately to all comments received prior to final CEO approval and include a list of these projects in the Work Program Cover Note at the next respective Council meeting. With this increase in the cap for MSPs, a larger share of future GEF financing is expected to benefit from the more streamlined approach of MSPs, including rolling approvals and a one-step approval process by the CEO. The experience with MSPs can be reviewed within a year or two to inform the GEF Council on the merits of broader adoption of a one-step approval process for all GEF projects in subsequent phases of streamlining.

IV. Dual Role: The Speed of Projects under Dual Implementation and Execution by GEF Agencies

29. According to GEF Policy on Minimum Fiduciary Standards, there is a separation of functions between GEF project implementation and execution²⁰. However, under exceptional circumstances, GEF Agencies may both implement and execute GEF projects, at the request of OFPs (Operational Focal Points). This dual implementation and execution role is granted to GEF Agencies in cases where no appropriate or acceptable local executing entity can be identified in country, especially in Fragility, Conflict and Violence (FCV) situations. These dual role requests are submitted by Agencies at CEO Endorsement stage and reviewed by the Secretariat on a case-by-case basis.

30. As noted in the Council paper GEF/C.66/08/Rev.03, *Streamlining the GEF Project Cycle*²¹, a review of 281 GEF-7 projects (a cohort of national and standalone MSPs and FSPs only) showed that 49 of these projects (i.e., 17 percent) employed dual implementation and execution and five GEF Agencies accounted for all instances of observed dual implementation and execution roles (UNDP, FAO, UNEP, UNIDO and EBRD).

31. A recent analysis of GEF-7 FSPs regarding “time spent from PIF submission to first disbursement” revealed that projects which received exceptions for dual implementation and execution moved only slightly faster, with a 2.6-month reduction, on average, in time spent from CEO Endorsement to 1st Disbursement

²⁰ GA/PL/02, *GEF Policy on Minimum Fiduciary Standards* https://www.thegef.org/sites/default/files/documents/2022-03/gef_policies_guidelines_fiduciary_standards_2022_02.pdf

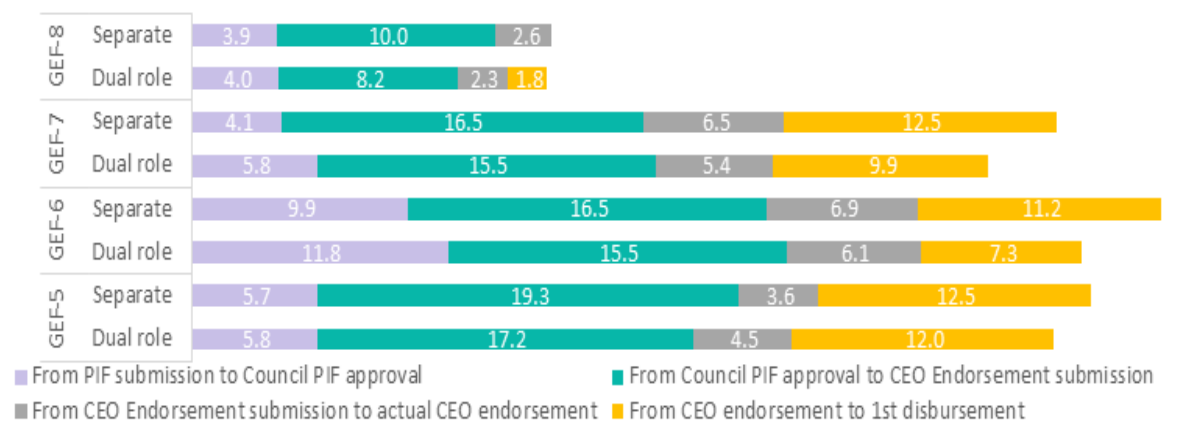
GEF/C.41/06/Rev.01, *GEF Minimum Fiduciary Standards: Separation of Implementation and Execution Functions in GEF Partner Agencies*.

https://www.thegef.org/sites/default/files/council-meeting-documents/C.41.06.Rev_01_GEF_Minimum_standards_paper.pdf

²¹ https://www.thegef.org/sites/default/files/documents/2024-02/EN_GEF.C.66.08.Rev_03_Streamlining_GEF_Project_Cycle.pdf

compared to FSPs where implementation was separate from execution. A similar observation was made for FSPs in GEF-6 and GEF-5 as indicated in Figure 12.

Figure 12. Time for FSPs by phase along milestone from PIF submission to first disbursements (months)²²



32. This modest reduction in GEF Agency processing time can potentially be explained by the fact that there may be institutional transactional efficiencies internally when a GEF agency both implements and executes a project. However, this modest time savings would be significantly outweighed by lost sustainability and durability benefits, as dual implementation and execution by GEF agencies can undermine country institutional capacity, engagement, ownership and the sustainability of project outcomes that are expected to endure beyond the life of a GEF project and the role of the GEF Agency.

V. Harmonization across Climate Funds – Potential Efficiency Gains

33. Work is underway to assess potential efficiency gains from harmonization of certain processes of the GEF, GCF, CIFs (Climate Investment Funds) and Adaptation Fund. It is anticipated that there could be gains from initiatives that could include: i) collaborative and coordinated programming, ii) good practice guidance for countries and agencies, iii) fast-tracking incentives for sequential, parallel, complementary or joint investments to target common areas of interest, iv) adjustments to institutional incentive structures for GEF and GCF Secretariats, GEF Agencies/GCF Accredited Entities, and within countries to foster collaborative and coordinated programming and increase attractiveness of complementary GEF – GCF funding, and v) capacity development support to GEF Focal Points/GCF NDAs (National Designated Authority) for engaging in collaborative and coordinated programming processes.

34. Accordingly, a *Multilateral Climate Funds Workshop* was convened in April 2024 in Washington, DC and concluded that further analysis is needed to compare project cycles and key operational steps from concept to

²² No GEF-8 FSPs under the sub-set group of “separate implementation and execution” has reported 1st disbursement as of April 2024.

disbursement for each fund. This work would then guide what streamlining and harmonization measures can be taken for each step. Such measures could address country endorsement (no-objection, clearance) where cross-funds engagement can help a collaborative in-country decision-making process that is more efficient and improve how stakeholders are engaged, including local authorities, IPLCs (Indigenous Peoples, Local Communities), women, youth, private sector.

VI. Global Biodiversity Framework Fund Pilot

35. The GEF Council approved the establishment of the *Global Biodiversity Framework Fund* (GBFF) and GBFF Programming Directions at its 64th meeting in June 2023, ratified by the GEF Assembly in its 7th meeting held in Canada in August 2023.

36. A streamlined one-step approval process has been developed for the GBFF under which a Project Preparation Grant (PPG) proposal is submitted, initiating project development, and enabling funds to be set aside by the Trustee when the PPG is approved. The Council also delegated authority to the GEF CEO to approve projects up to US\$ 5 million. From a harmonization perspective, this is consistent with recent GEF decision to increase the financing cap for MSPs which also have a one-step approval process. It is also consistent with the Green Climate Fund (GCF) decision to increase the financing cap for projects under the GCF's Simplified Approval Process²³.

37. According to the GBFF Project Cycle Policy²⁴ approved in February 2024, GBFF projects above US\$ 5 million progress from concept submission to CEO Endorsement as follows:

- the Secretariat carries out selection rounds at PPG stage through a streamlined template;
- 9-months after the CEO approval of selected PPGs (Project Preparation Grant), the Agencies submit the fully prepared projects;
- the GBFF Council reviews and approves a Work Program constituted by fully prepared projects cleared by the Secretariat;
- the CEO endorses projects following the Council approval of the Work Program for projects with no comments;
- for projects with comments (from Council, STAP or CBD Secretariat) the Agencies 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.

38. GBFF project implementation begins following Agency 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 and Terminal Evaluation reports are

²³ From US\$10 million to US\$25 million, by decision in May 2022: <https://www.greenclimate.fund/decision/b32-05>

²⁴ https://www.thegef.org/sites/default/files/documents/2024-02/EN_GEF.GBFF_01.04.Rev_02_GBFF_Project_Cycle_Policy.pdf

submitted to the GEF Independent Evaluation Office. Due to a different preparation time frame, GBFF project cycle policy includes provisions for the cancellation of projects to incentivize faster preparation and implementation.

39. This streamlined approach adopted by the GBFF could potentially be applicable to the GEF Trust Fund. Lessons from the implementation of the GBFF pilot would inform the development of further measures to streamline the GEF project cycle.

40. After the 1st GBFF Council Meeting in February 2024, the GEF Secretariat approved a first round of four GBFF PPGs²⁵. Fully developed CEO endorsement templates of this first batch²⁶ of GBFF projects will be presented in the Work Program for Council approval during the 2nd GBFF Council Meeting in June 2024. If approved by Council and endorsed by the CEO within three months of Council approval of the Work Program, it is expected that these GBFF projects will reach first disbursement within 12 months, i.e. around June 2025. The Secretariat also has just approved a second round of 18 PPGs which would be submitted for Council approval in the December 2024 Work Program (or CEO endorsement under delegated authority by Council for projects of less than \$5 million), with the aim of first disbursement in 2025. Thus, it will be possible to extract relevant data and tangible lessons from the first set of GBFF projects towards the end of 2025 or early 2026 to inform the development of further streamlining options for the GEF Trust Fund project cycle.

VII. Measures to Develop Further

41. Having reviewed current GEF policies and guidelines and available information on the GEF project cycle, it is proposed that the Council Working Group (WG) continue to assess data from the Secretariat, Agencies and Countries, taking into account also the ongoing work on harmonization and streamlining together with GCF and other climate funds. The Secretariat would also document good practice and lessons emerging from expedited GBFF and the MSP approvals, as well as from implementing efficiency measures, potentially including the harmonized process already established with the World Bank. Consultations with key actors in the project cycle (i.e. GEF OFPs, Executing Entities, Trustee, STAP, IEO and CSOs) would also help inform the development of options for potential improvements in GEF processing times that could be implemented by different actors. Further, taking into account the duration of project preparation and disbursements as cited in the analysis above, the WG is of the opinion that the project preparation and approval cycle could be reduced further to ensure that interventions financed by GEF/GBFF are timely and not delayed, so that optimum delivery of global environmental benefits is achieved. In this context, revised project proposal templates and simplification of internal processes of GEFSEC and GEF Agencies are being discussed to ensure the said feedback is appropriately addressed.

i. GEF Partnership Level:

1. Assessing the feasibility, policy and systems implications of a one-step approval process for GEF Full Sized Projects (FSPs), building on lessons learned from the GBFF and MSP

²⁵ Three PPGs of above \$5 million will be included in the June 2024 Work Program. One PPG of less than \$5 million will be submitted for CEO approval under delegated authority to the CEO by the Council.

²⁶ Only three of the four approved PPGs are part of June 2024 GBFF Work Program as the fourth was below \$5 million.

experience, to enhance capacities and accelerate preparation and submission of project proposals;

2. Identifying and addressing, if any, staffing, capacity and training needs at the Secretariat, Agencies and OFPs with respect to GEF project development and portfolio management to enhance the speed, quality and consistency of project reviews and exchanges with Agencies and countries;
3. Working with Agencies and countries to enhance steps related to GEF portfolio management and monitoring (PIRs, AMRs, Mid-term reviews, etc.) by addressing bottlenecks;
4. Further exploring with other multilateral funds the possibility of aligning or combining the GEF review and approval process with the approval processes of other funds in a way to enhance complementarity among funds and to reduce transaction costs for agencies and countries;
5. Understanding and addressing bottlenecks during GEF related engagement between key actors (i.e. GEFSEC-GEF Agencies, GEF Agencies-OFPs, GEF Agencies-Trustee, GEF Agencies-Executing Agencies, OFPs-Executing Agencies, stakeholder participation/consultation, etc.);
6. Risk Framework: implications of the new risk appetite statement and framework and potential to take a more streamlined risk-based approach to reviews, approvals, etc.

ii. GEF Secretariat level:

1. Assessment of project review, approval processes and oversight procedures, steps, financial resources, human resources, document management, reporting, learning, level/nature of engagement with other actors, systems (GEF Portal, website, etc.) with a goal to consolidate, streamline and simplify relevant GEFSEC processes;
2. Streamlining Secretariat Reviews to focus only on projects' (i) technical soundness, ii) budgetary and financial/fiduciary (including co-financing) information; iii) compliance with GEF Environmental and Social Safeguards (iv) implementation arrangements. In this respect individual project reviews would rely on Agency certification for gender, stakeholder, knowledge management requirements in alignment with GEF guidelines/checklists developed by the Secretariat. This could also include measures such as introducing page limits to approval documentation submitted by Agencies;
3. Enhancing the GEF Portal to improve its accessibility as well as analytical and reporting capabilities and the comprehensiveness of data collected;
4. Enhancing the GEF Website to improve knowledge sharing among the Agencies and the countries around lessons learned and good practice emerging from the GEF portfolio.

iii. Agency Level:

1. Assessment of project preparation steps, internal approvals, financial resources, human resources, level and nature of engagement with countries and other actors such as GEFSEC, trustee, etc., implementation and completion monitoring (PIRs, MTRs), adaptive management, reporting, learning, etc. with a goal to consolidate, streamline and simplify GEF relevant Agency processes.

2. Alignment of GEF requirements and timelines with Agency internal requirements and timelines as processing time and costs have different impacts on different Agency types. While all Agencies work to internal deadlines, the need to align with their internal governance (e.g. Board) approval and other milestones can discourage some Agency internal teams from seeking GEF financing. This dynamic seems most prevalent among MDBs, suggesting that further work by the GEF Secretariat to streamline processes is likely to have greatest impact among this Agency type. For instance, the level of detail required at PIF stage and the need to secure OFP endorsement prior to detailed project planning and internal interim approvals can be an obstacle; these requirements can be reviewed by the Secretariat for each agency and options for streamlining and greater alignment across the Partnership identified.

iv. Internal to OFPs and Executing Entities:

1. Assessment of the level and nature of upstream OFP engagement in concept development, level and nature of engagement of OFPs during implementation, endorsement letters, co-financing confirmations, selection of executing agencies, interactions between OFPs and Agencies, reporting, learning, monitoring of IA and EA compliance with safeguards, etc. and how some of these issues at country level could be addressed through the country engagement strategy.

VIII. Non-Project Cycle Policy Issues with Implications for Speed/Efficiency

- i. Clarifying project related Costs: Agency Fee, Project Management Costs, M&E (Monitoring & Evaluation) costs, and Corporate Expenses spent on project review and portfolio management – per project - including by GEFSEC, STAP, IEO, Trustee services, etc.).
- ii. Clarifying Exception Criteria for Dual Execution: implications for streamlining, quality, sustainability, concentration and risk.