The GEF Project and Program Cycle

Agency Fee policy

Project cancellation Policy

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GEF INTRODUCTION SEMINAR
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GEF Project Modalities

**Full-sized Project**
GEF project financing > 2 million US$

**Medium-sized Project**
GEF project financing ≤ 2 million US$

**Enabling Activity**
GEF financing for the preparation of a plan, strategy or report to fulfill commitments under a Convention

**Program**
A longer term and strategic arrangement of individual but interlinked projects that aim at achieving large-scale impacts on the global environment
GEF Project Cycle

Full-sized projects

**preparation**

1. PIF submission
2. Council Approval
3. CEO Endorsement submission
4. Actual CEO Endorsement
5. Agency internal approval
6. 1st disbursement

**implementation**

1. 1st disbursement
2. Project Implementation Reports
3. Mid-term Review
4. Terminal Evaluation (submitted to the GEF IEO)
5. Project financial closure
GEF Project Cycle

Medium-sized projects (2-step approval)

preparation

PIF submission → CEO Approval of the PIF → CEO Approval submission → CEO approval of the Project → Agency internal approval → 1st disbursement

implementation

1st disbursement → Project Implementation Reports → Terminal Evaluation (submitted to the GEF IEO) → Project financial closure
**GEF Project Cycle**

**Enabling Activities (EA)**

**preparation**

- EA submission
- CEO approval of the EA
- Agency internal approval
- 1st disbursement

**implementation**

- 1st disbursement
- Final Report *(submitted to the Convention)*
- EA financial closure
GEF Project Cycle

Programs

preparation

PFD submission → Council Approval → Child Project CEO Endor/Appro submissions → Child Project actual CEO Endorsement/Approval → Agency internal approval → 1st disbursement

1st disbursement → Child Project Implementation Reports → Mid-term Reviews for Child Projects (if FSPs) → Terminal Evaluations (submitted to the GEF IEO) → Project financial closure

implementation
GEF Agency Fee Policy

What does this policy do?

Establishes the fee structure for all GEF Agencies implementing GEF projects.

Clarifies the type of activities covered by the Agency fee.
GEF Financing

- Project Financing (grant, non-grants)
  - Agency Fee

- Project Preparation Grant
  - PPG Fee

Total GEF Resources
# Fee structure

<table>
<thead>
<tr>
<th>Type of project</th>
<th>Project Financing</th>
<th>Fee level GEF Agencies</th>
<th>Fee level for Agencies accredited in 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>PFD, FSP, MSP, EA</td>
<td>$\leq$ $10$ million</td>
<td>9.50%</td>
<td>9.00%</td>
</tr>
<tr>
<td></td>
<td>$&gt;10$ million</td>
<td>9.00%</td>
<td>9.00%</td>
</tr>
<tr>
<td>PPG</td>
<td>Follow the same rate applicable for the related project financing</td>
<td></td>
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</tbody>
</table>
Agency Fee schedule for FSPs

- PIF submission
  - Council Approval
  - CEO Endorsement submission
  - Actual CEO Endorsement
  - Agency internal approval
  - 1st disbursement

  **20%**

- Mid-term Review
  - 1st disbursement
  - Project Implementation Reports

  **30%**

- Terminal Evaluation (submitted to the GEF IEO)
  - Project financial closure

  **50%**
Agency Fee schedule for MSPs

1. PIF submission
2. CEO Approval of the PIF
3. Project submission
4. CEO approval of the Project
5. Agency internal approval

1st disbursement

100%
Agency Fee schedule for EAs
Agency Fee schedule for Child Projects under Programs

- PFD submission → Council Approval → Child Project CEO Endorsement submissions → Child Project actual CEO Endorsement → Agency internal approval → 1st disbursement
  - 20% for FSP child

- 1st disbursement → Child Project Implementation Reports → Mid-term Reviews for Child Projects (if FSPs)
  - 30% for FSP child

- Mid-term Reviews for Child Projects (if FSPs) → Terminal Evaluations (submitted to the GEF IEO) → Project financial closure
  - 50% for FSP child
  - 80% for MSP child
Activities covered by the Agency Fee

The fees provided to GEF Agencies cover:

i. project cycle management services; and

ii. participation in GEF corporate activities.

For the GEF Agencies accredited in 2015 the GEF Agency fee covers only project cycle management services (and hence are not obligated - but encouraged - to participate in GEF corporate activities)
Project cycle management services

- Includes activities throughout the project cycle, such as:
  - project identification
  - preparation of the project concept
  - preparation of the detailed project document
  - internal approval, initiation, and implementation of projects
  - project completion and evaluation
  - financial closure

Corporate Activities

- Includes activities that help promote the efficiency of the GEF, such as:
  - policy support
  - outreach
  - knowledge sharing
  - support to the GEF Independent Evaluation Office, and
  - institutional relations
Project Cancellation Policy

What does this policy do?

Incentivizes faster project preparation

Sets out the principles, rules, and procedures to cancel or suspend projects or uncommitted funds approved as part of GEF programs
**Project Cancellation – time standards for preparation of FSPs**

*Policy*: Full-sized projects will be cancelled if they have not been CEO endorsed within 18 months of Council Approval.

- **8 months after PIF approval**: GEF notification to country OFP and Agency.
- **12 months after PIF approval**: CEO endorsement submission (OFP notifies if not possible).
  - If OFP doesn’t notify within 12 months, cancellation.
- **18 months after PIF approval**: either CEO endorsement or cancellation.
- Agency internal approval.
- 1st disbursement.
Project Cancellation – time standards for preparation of MSPs

*Policy:* Medium-sized projects will be cancelled if they have not been CEO approved within 12 months of CEO Approval of the PIF

- **PIF submission**
- **CEO Approval of the PIF**
- **CEO Approval submission**
- **CEO approval of the Project**
- **Agency internal approval**
- **1st disbursement**

6 months after PIF approval: GEF **notification** to country OFP and Agency

12 months after PIF approval: either **CEO approval** or **cancellation**

8 months after PIF approval: CEO approval submission (OFP notifies if not possible)
If OFP doesn’t notify within 8 months, cancellation
Project Cancellation – time standards for preparation of Programs

*Policy:* child projects under a Program will be cancelled if they have not been CEO endorsed/approved within Program Commitment Deadline (PCD) not exceeding 18 months.

10 months *before* PCD: GEF notification to country OFP and Agency

6 months *before* PCD: CEO endorsement/approval submission (OFP notifies if not possible)

If OFP doesn’t notify 6 months before PCD, cancellation

After the passing of the PCD (≤ 18 months): either CEO endorsement/approval or cancellation of the remaining PFD balance.
Project Cancellation Policy – other circumstances

• The recipient country and / or the GEF Agency may also request to cancel or suspend a project for reasons not linked to the project preparation time standards – and the GEF CEO may authorize such cancellation or suspension

  **Prior** to CEO endorsement/approval, a project can be cancelled.

  **After** CEO endorsement/approval, a project may be terminated or suspended
Project Cancellation Policy – Procedures for other circumstances

• GEF Agency **consults with the recipient country**, all relevant **government agencies**, and **other partners**, including co-financiers, prior to such cancellation or suspension.

• Required actions by Agency:
  i. consultation with the recipient country;
  ii. written notification to the GEF Secretariat and the Trustee; and
  iii. returns any un-used GEF funds, if required, consistent with the provisions of Financial Procedures Agreement with the Trustee regarding the return of funds.
Thank you!