



**Global Environment Facility**

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**POLICIES AND PROCEDURES FOR  
THE GEF PROJECT CYCLE**

GEF Policy Paper  
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## Introduction

1. At its June 2007 Council meeting, the GEF Council approved a revised project cycle for implementation beginning July 1, 2007.<sup>1</sup> The revised GEF project cycle consists of the following steps involving the Secretariat, the CEO, and the GEF Council:

- (a) Council approval of the work program, consisting of project concepts (PIFs) cleared by the CEO;
- (b) CEO endorsement after Council review of fully-prepared full-sized projects; and
- (c) Secretariat monitoring of portfolio performance during implementation, and oversight on evaluation by the GEF Evaluation Office.

2. The GEF has established a target for elapsed time in the project cycle not to exceed 22 months from PIF approval by Council to endorsement of the project by the CEO. The new project cycle seeks to achieve this by: (a) reducing the number of GEF project processing steps; and (b) focusing documentation requirements on criteria that are harmonized with the standard procedures of the GEF Agencies, so that GEF project processing can more closely match the Agencies' mainstream business standards.

3. The GEF project cycle is based on four key principles:

- (a) First, the GEF project cycle must be consistent with the GEF Instrument, which establishes two of the steps in the GEF project cycle: (i) Council review and approval of the work program (para. 20(c) of the GEF Instrument); and (ii) CEO endorsement of GEF projects before final approval by the Agency (para. 30 of the GEF Instrument).
- (b) Second, the GEF CEO has executive authority in the GEF project cycle to: (i) ensure, in consultation with the GEF Agencies, the implementation of the operational policies adopted by the Council (para. 21(c) of the GEF Instrument); (ii) determine the content of a joint work program for the GEF among the GEF Agencies (para. 29 of the GEF Instrument); and (iii) ensure the accountability of the GEF Agencies to the Council for the quality and cost-effectiveness of their GEF-financed projects;
- (c) Third, the GEF Secretariat's review of project concepts at an early stage in project processing is essential for operational efficiency, resource predictability, and strategic coherence of the GEF pipeline; and

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<sup>1</sup> This paper is an update of the June 2007 GEF Council paper (*GEF Project Cycle*, GEF/C.31/7) and incorporated comments/recommendations in subsequent Council meetings, i.e. November 2007 and April 2008. Provisions on the processing procedures outlined in an April 2008 Council paper (*From Projects to Programs: Clarifying the Programmatic Approach in the GEF Portfolio*, GEF/C.33/5) were also incorporated.

- (d) Fourth, the GEF Council should enhance its strategic oversight of portfolio development, accompanied by stronger reporting from the results-based management system during and after implementation.

## **GEF project cycle<sup>2</sup>**

### *CEO Review of the PIF*

4. The first step in the GEF project cycle is the GEF CEO's clearance of the project concept documented in a Project Identification Form (the "PIF"). PIFs, endorsed by the country operational focal point,<sup>3</sup> will be submitted by the GEF Agencies to the GEF Secretariat for review on a rolling basis. PIFs will be circulated among all GEF Agencies and relevant Convention Secretariats for comments within five business days of circulation. Thereafter, the GEF Secretariat will have another five business days to complete its review of PIF submissions. In the case where PIF has to be resubmitted to reflect comments from GEFSEC, other GEF Agencies, or Convention Secretariat, the Secretariat will agree with the Agency on a deadline for resubmission. The resubmission deadline will be set to ensure the final PIF will be completed in time for inclusion into the work program which will be published on the GEF website for Council review. The review of a PIF will focus on the following elements:

- (a) country eligibility;
- (b) consistency with GEF strategic objectives and strategic programs;
- (c) comparative advantage of the GEF agency submitting the PIF;
- (d) estimated cost of the project, including expected co-financing;
- (e) consistency of the GEF grant request with resources available in the focal area and Resource Allocation Framework allocations;
- (f) milestones and agreements for further project preparation.

5. Once the Secretariat has completed its review, the CEO will consider the PIF for inclusion in a work program. PIFs cleared for work program inclusion will be sent for STAP screening whereby comments of STAP will be posted on the web together with the PIF. All PIFs cleared for work program inclusion will be eligible for a GEF project preparation grant (the

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<sup>2</sup> The procedures on work program submission in the GEF project cycle apply to full-sized projects only. Medium-sized projects and enabling activities will continue to be approved under expedited procedures, with approval authority delegated to the CEO. CEO-approved PIFs for medium-sized projects will be accessible on the GEF database through the GEF website. Enabling Activities (EAs) under expedited procedures do not need to submit a PIF. EAs that are non-expedited will be processed as a full-sized project and therefore will need to submit a PIF. Draft final project proposals will be approved by the CEO following procedures described in paragraphs 21 to 26.

<sup>3</sup> PIFs need to be endorsed by the country operational focal points. The endorsement should include the indicative project amount, including project preparation grant, if planned, and Agency fees. Endorsement is required only once in the project cycle when a concept is submitted for PIF review. However, operational focal points may reserve the right to review and endorse a project prior to submission to the Secretariat for CEO endorsement.

“PPG”),<sup>4</sup> if needed. A PPG may be approved by the GEF CEO for an amount based on financing the estimated incremental costs of project preparation.<sup>5</sup>

6. The Trustee will make commitments to GEF Agencies of funding for PPGs (and fees, if applicable) upon approval by the CEO. The commitments will be based on the amounts approved by the CEO, as indicated in the approval letter from CEO to GEF Agencies.

7. If the agreed milestones and agreements in the PIF and PPG approval letters are not achieved, the CEO will consult with the recipient country and relevant GEF Agency, and may agree to revised milestones and understandings or decide to cancel the project concept and recommend to the Agency that the associated PPG be cancelled.

### *Council Approval of the Work Program*

8. The second step in the GEF project cycle is approval of the work program (comprising of PIFs for full-sized projects, Program Framework Documents, non-expedited enabling activities and Agency fees) by the GEF Council. The Council will review two work programs at two Council meetings each year, and several intersessional work programs with decision by mail on a no-objection basis, between Council meetings<sup>6</sup>. The CEO will constitute the work program from newly submitted and cleared PIFs as well as those previously cleared by the CEO but which were not included in the past work programs, taking into account the level of resources available in the GEF Trust Fund. The individual PIFs, with estimated GEF grant amounts, will be posted on the GEF website together with the work program document: (a) 4 weeks in advance of a Council meeting for a work program to be discussed at a Council meeting<sup>7</sup>; or (b) 4 weeks in advance of a decision date for an intersessional work program. For programmatic approaches that are included in a work program, Council will endorse the concepts and objectives of the programmatic approach submitted to Council in a Program Framework Document (PFD).

9. The work program document for Council meetings will focus on policy and strategic issues for Council consideration and describe the overall programmatic coherence of the concepts presented in the following terms:

- (a) their collective contributions to the GEF strategic objectives and programs;
- (b) their focal area and geographic balance, including a cumulative assessment of previous work programs;
- (c) their innovative elements, as well as replication potential;

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<sup>4</sup> PPG requests may also be submitted simultaneously with PIFs but will be approved only if PIF is cleared (for FSPs) /approved (for MSPs) by CEO.

<sup>5</sup> At the same time when a PPG is approved, the GEF CEO will also approve an Agency fee of 10% of the PPG.

<sup>6</sup> In response to Council members’ request, GEFSEC has decided to establish more frequent intersessional work programs, provided cleared PIFs meet the IWP criteria, i.e. at least 10 cleared PIFs are ready for inclusion in a work program, or the amount of cleared PIFs is worth at least \$50 million. CEO has the authority to decide whether to have or not to have an IWP in the months preceeding a Council meeting.

<sup>7</sup> Any Council comments on PIFs included in a Council meeting work program should be provided in writing within ten business days of approval of the work program.

- (d) the key assumptions and risks in the further development of the portfolio; and
- (e) the resource programming implications.

10. In approving the work program, the Council will provide guidance to the Secretariat and the Agencies on the strategic directions and programming framework for the GEF. In addition, Council may agree to remove specific concepts from the work program reviewed at a Council meeting. For an intersessional work program, if one or more Council Members object to the work program or to a particular PIF, the work program or the PIF will be deferred to the next regular meeting of the Council.

11. The Secretariat will attach the list of Council decisions during the Council meetings which includes decisions for the work program on projects and associated fees to GEF Agencies, amount of funding approved (in full or partial amount), request that was denied, or resubmission needed for some proposals. The list will be attached to (1) the Highlights of the Council meeting in the case of work programs discussed at the Council meeting and (2) the notification from the GEF Secretariat on the decision of the Council for the intersessional. Upon posting on the GEF website of such information, the Trustee will record the decisions of the Council based on the information posted. In the case of Council approval to provide funding, the Trustee will set aside the amounts approved for the projects and fees, to be made available for commitments by the Trustee to the GEF Agencies upon endorsements by the CEO. The Trustee will notify all GEF Agencies of the amounts set aside.

12. Council Endorsement of a Programmatic Approach. Beginning in FY08, programmatic approaches for GEF funding will only be submitted to Council at its meetings, not intersessionally. Documentation for securing approval for, and guiding implementation of, a specific Program developed using a programmatic approach will be a Program Framework Document (PFD). PFDs will be presented to the Council in a work program. Council shall review the PFD and endorse the overall objective and scope of the Program. PFDs will also identify, to the extent possible, all projects to be financed under the Program. These projects must, nevertheless, be presented as PIFs to Council for approval. All available PIFs will be presented for Council approval in the same work program as contains the Program's PFD. Depending on the operational nature of the Program, Council may approve an amount to be set aside for the Program, even if not all PIFs for the listed projects under the Program have been presented in the work program. When the remaining PIFs are ready, and have been cleared by the CEO, they will be presented for approval, in future work programs. All approved PIFs will be posted on the GEF web site. PIFs can only be approved once the PFD for the overarching Program has been endorsed by the Council.

13. The presentation in the PFD will contain the following key information<sup>8</sup>:

- (a) Background and Program rationale;
- (b) Value-added of the Program (including cost-effectiveness);

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<sup>8</sup> Please refer to the April 2008 Council paper, "*From Projects to Programs: Clarifying the Programmatic Approach in the GEF Portfolio*" (GEF/C.33/6) for additional information on processing procedures for programmatic approaches.

- (c) Program objective and results;
- (d) Consistency of the Program with national/regional priorities/plans/policies;
- (e) Alignment with GEF focal area strategy/-ies;
- (f) Expected global environmental benefits;
- (g) Type of operations and potential scope of projects under the Program;
- (h) Risks and mitigation measures;
- (i) Program coordination, monitoring and evaluation; and
- (j) Other relevant information, including Program implementation, indicative total GEF amount, potential co-financing and sources, the Program results-framework, a list of potential projects and the Program implementation timeline.

14. The Trustee will set aside the amount based on the amount so approved by the Council either for the Programmatic Approach, or for projects under the Programmatic Approach (i.e. the full amount of the Program in case the Council approves the full amount to be set aside, or the amounts of the projects approved in case the Council decides to approve the funding only on a project basis). The Trustee will notify all GEF Agencies of the amount set aside. In case that full size projects or non-expedited enabling activities are implemented under the Program, the Trustee will make commitments of funding to the GEF Agencies for such projects/activities upon CEO endorsements (as further described below). In case of medium size projects and expedited enabling activities, the Trustee will make commitments to the GEF Agencies upon CEO approvals

#### *CEO Endorsement*

15. The third step in the GEF project cycle is the GEF CEO's endorsement of the projects before such projects are approved by the GEF Agencies. The final GEF funding amount is confirmed by the CEO at this point. The Agencies will transmit for CEO endorsement the same documentation that they submit for approval by their respective internal approving authorities, plus a Request for CEO Endorsement which summarizes key information of the project. The project proposals will be reviewed by the Secretariat for compliance with the following conditions for endorsement:

- (a) High likelihood that the project, as designed, will deliver its outcomes and will generate appropriate global environmental benefits that are consistent with focal area strategies, with an adequate explanation for any changes in expected global benefits since PIF approval;
- (b) GEF funds are used cost-effectively, focusing on among others, the review of project budget, which includes project cost tables for project components, project management, and consultants;

- (c) Compliance with GEF's M&E policy; and
- (d) Project preparation grant has been used in a cost effective way, as explained in the project preparation grant status report (which is included as an annex attached to the Request for CEO Endorsement).

16. Within ten business days of receiving a draft final project document for endorsement, the Secretariat will review the proposal and the CEO will determine whether the proposal is in compliance with the conditions for endorsement. As soon as the CEO has determined that the project proposal meets the conditions for endorsement, the Secretariat will circulate to Council Members the draft final project document. Within four weeks of receiving such a document, Council Members may transmit to the CEO any concerns related to technical, procedural or policy issues or inconsistency with the GEF Instrument that they may have regarding the proposal prior to CEO endorsement and final approval by the Agency concerned.

17. The CEO has discretion to endorse or not to endorse a proposal. The CEO will take into account any Council Member's concerns prior to endorsement and work to address them with concerned parties, following which the CEO will recirculate the proposal, as needed.

18. The CEO will post those concerns on the GEF website, will notify Council Members within two days and will update the status of the project proposal in the management information system to indicate that endorsement will be delayed pending resolution of the concern expressed by the Council Member. Endorsed final project documents will be posted on the GEF website.

19. The Trustee will make commitments of funding to GEF Agencies for projects and fees upon CEO endorsement. The commitments will be made based on the amounts endorsed by the CEO, as indicated in the endorsement letter from the CEO to GEF Agencies. In the case that the amount endorsed by the CEO is reduced from the amount approved by the Council for the project or fee, the Trustee will release the reduced amount of funds, which were previously set aside for the project/fee, back to the GEF Trust Fund to be made available for other projects, activities, or fees<sup>9</sup>.

20. The Secretariat is requested to prepare a report on the operation of the project cycle management procedures for Council consideration at its meeting in November 2008.

21. CEO Approval of Medium-Sized Projects (MSPs). The first step for an MSP (up to \$1 million) is the preparation of a PIF and submission to GEFSEC for CEO approval. Once the PIF is approved, the Agency can start preparation of the MSP until a final MSP project document is ready for CEO approval. A project preparation grant maybe approved by CEO for the project, if necessary, upon CEO approval of PIF. After CEO clears the MSP final project document, it will be posted on the GEF website for a two-week period and a notification is sent to the Council for comments on the MSP prior to CEO approval. At the end of the two-week circulation period, CEO will send an approval letter to the Agency indicating the approval of the project, the grant amount and the associated Agency fee. If comments are provided by Council, Agencies should address the comments and notify GEF Secretariat on how the comments are responded and if these have any effect on the final project document. As necessary, a revised project document

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<sup>9</sup> The Agency fee at CEO endorsement/approval will be net of any fees approved in advance for the PPG.



maybe resubmitted and CEO may approve the project based on the final submitted project document.

22. The Trustee will make commitments of funding to GEF Agencies for MSPs and fees upon CEO approval. The commitments will be based on the amounts approved by the CEO, as indicated in the approval letter from the CEO to GEF Agencies.

23. CEO Approval of Enabling Activities (EAs) under expedited procedures. Enabling Activities under expedited procedures (up to \$500,000 in GEF financing, but varies across focal areas) do not need to submit a PIF<sup>10</sup>. EA project document will be approved by the CEO and will be accessible on the GEF database through the GEF website. For EAs that are not under expedited procedures, processing will be the same as full-sized projects.

24. The Secretariat will ask Agencies to revise proposals that it deems not to be in compliance with the specified conditions for approval and resubmit them for review, with another 10-day review period being applicable. The CEO may also determine, in consultation with the country and the Agency concerned, to stop further project preparation and cancel the project from the GEF pipeline.

25. The GEF Agency fee will be approved at the time of the GEF CEO's approval of the project.<sup>11</sup>

26. The Trustee will make commitments of funding to GEF Agencies for EAs under expedited procedures and fees upon CEO approval. The commitments will be made based on the amounts approved by the CEO, as indicated in the approval letter from the CEO to GEF Agencies.

#### *Transfer of Funds to GEF Agencies*

27. In all cases, transfer of funds from the Trustee to Agencies will be made after commitment by the Trustee and subsequent Agency approvals of the projects/activities, where relevant, following the procedures agreed between the GEF Agencies and the Trustee

#### *Implementation Supervision, Monitoring and Final Evaluation*

28. The fourth step in the GEF project cycle consists of implementation supervision, monitoring and final evaluation. Streamlining the GEF project approval process will be accompanied by more robust result verification mechanisms. As part of its monitoring responsibilities, the Secretariat will conduct an Annual Monitoring Review, which will be based on the submission of Project Implementation Reports by the Agencies. The key issues to be monitored will include: implementation progress, focal area strategic objectives' performance indicators, projects at risk, actions to achieve sustainability and replicability, stakeholder involvement, and co-financing status.

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<sup>10</sup> All EAs are not eligible for PPGs with the exception of NCSA (project amount of which is up to \$200,000). If a NCSA is requesting a PPG, then the NCSA will need to submit a PIF as well.

<sup>11</sup> The Agency fee at CEO approval will be net of any fees approved in advance for the PPG.

29. The Agencies will be required to submit the final evaluation reports to the GEF Evaluation Office. In addition, the GEF Evaluation Office will also assess the adequacy of the M&E system in the GEF, including compliance with the GEF M&E Policy.

30. Upon financial closures of projects/activities, the GEF Agencies will report to the Trustee of any unused funds.

#### *Management of the Project Cycle*

31. The Secretariat, in consultation with the countries, and in collaboration with the GEF Agencies will actively manage the project cycle as described in GEF/C.30/3, *Rules, Procedures and Objective Criteria for Project Selection, Pipeline Management, Approval of Sub-projects, and Cancellation Policy* (November 2006). Additional criteria to guide these decisions, as requested by the Council at the December 2006 meeting, are suggested in Annex 1.

#### **Conclusion**

32. The project cycle ensures that three critical requirements are met: (a) Council guidance on the implementation of GEF focal area strategies and programs; (b) GEF CEO oversight of the composition of the work program, including clearance of the concepts, and cost-effective use of GEF resources; and (c) Council review of final project documents at the time of the GEF CEO's endorsement.

## Annex 1. Criteria for Cancellation or Suspension or Termination of Projects

<b>During Project Preparation</b>	<b>During Project Implementation</b>
<p>1. Not meeting the agreed project cycle elapsed time benchmarks, i.e. milestones at the time of PIF clearance, unless agreed to revised milestone dates at a later stage. Milestone includes the following:</p> <ul style="list-style-type: none"> <li>• Project submission for CEO endorsement for FSPs or CEO approval for MSPs.</li> </ul>	<p>1. Not meeting the agreed milestones at the time of CEO endorsement, unless agreed to a revised milestone dates at a later stage. The milestones during the implementation include the following:</p> <ul style="list-style-type: none"> <li>• Mid-term implementation status report, if a mid-term review is planned (no later than six months of the mid-term evaluation mission);</li> <li>• Project Completion date.</li> </ul>
<p>2. Not meeting the agreed project review criteria for GEF projects during the proposal reviews.</p>	<p>2. Poor implementation performance leading to a conclusion that the project can no longer meet its objectives. Poor implementation performance may be interpreted from, inter alia:</p> <ul style="list-style-type: none"> <li>• Project Implementation Report (PIR);</li> <li>• Mid-term Evaluation Report (MER);</li> <li>• Record on the disbursement of funds;</li> <li>• Other monitoring reports and activities by the GEF Secretariat, Agencies, and others.</li> </ul>
<p>3. Not meeting the following criteria during the implementation of the PPG:</p> <ul style="list-style-type: none"> <li>• Changes in GEF focal area strategic priorities;</li> <li>• Changes in country national priorities;</li> <li>• The issue that the project was planned to address (e.g. threats, barriers removal, etc.) is removed or no longer relevant; and</li> <li>• Corruption or fraudulent practices were detected during the procurement of a contract, and the grantee/borrower has failed to take action acceptable to the GEF to remedy the situation.</li> </ul>	<p>3. Not meeting the following criteria during project implementation:</p> <ul style="list-style-type: none"> <li>• Changes in country national priorities;</li> <li>• The issues that the project was planned to address (e.g. threats, barrier removal, etc.) are removed or no longer relevant; and</li> <li>• Corruption or fraudulent practices were detected during the procurement of a contract, and that the grantee/borrower has failed to take action acceptable to the GEF to remedy the situation.</li> </ul>
	<p>4. Any other criteria established under the concerned GEF Agency policy and/or rules on project cancellation or suspension.</p>

January 8, 2009