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**MANAGEMENT OF THE  
GEF PROJECT CYCLE OPERATION: A REVIEW**

## Table of Contents

Executive Summary .....	i
Introduction.....	1
Features of the Revised GEF Project Cycle.....	2
Management of Project Cycle Operations: Progress to Date.....	3
Elapsed Time Analysis of the Revised Project Cycle.....	3
Service Standard of GEF Secretariat .....	8
Other Measures Undertaken in the Revised Project Cycle .....	10
Challenges in Implementing the Revised Project Cycle.....	11
Agencies' Experiences with the Project Cycle Operation .....	13
Suggestions for Improving the Operation of the Revised Project Cycle .....	14

## Executive Summary

1. The revised project cycle, approved by Council in June 2007 (GEF/C.31/7), came into effect shortly after approval. The Council requested the GEFSEC to “prepare a report on the operation of the project cycle management procedures for Council consideration at its meeting in November 2008.” This report examines the operation and management procedures of the revised project cycle through its first fiscal year under implementation (July 1, 2007-June 30, 2008).
2. There are many elements of the revised project cycle that can be reviewed. At this early stage of operation however, it is difficult to do a thorough analysis of every aspect. Instead, this review undertakes an assessment of two important elements based on available operations data in the GEFSEC’s information system: (a) the target<sup>1</sup> for elapsed time in preparing full-sized projects (from PIF approval by Council to CEO endorsement of the final project document) and medium-sized projects (from PIF approval by the CEO to the approval of the final project document by the CEO); and (b) the GEFSEC service standards.<sup>2</sup>
3. Despite the many changes that have taken place within GEFSEC in connection with the new project cycle, it is clear that some progress has been made in the initial year of operation. In terms of the targets set under the revised project cycle, it is still too early to tell whether these will be met on a consistent basis. GEFSEC, however, will keep under review the progress of project development and identify any projects that are in danger of exceeding the target for elapsed time and will work with the GEF Agencies and other stakeholders to achieve the targets set.
4. The data on GEFSEC service standards showed that GEFSEC delivered close to 50% success rate in providing responses within 10 working days and 90% within 30 working days.
5. However, the figures are only as accurate as the information that is logged into the GEFSEC database. Since the process for reviewing PIFs and full project documents requires a great deal of iterative discussion between a GEF Agency and the GEFSEC, not all responses or resubmissions are fully recorded in the database and informal response by GEFSEC are not visible. The new Project Management Information System (PMIS), where all submissions and responses will be entered directly into the database, should provide more reliable figures. The GEFSEC will continue to track and report on these figures and will work internally to improve its service standards.
6. Suggestions for improving the operation of the revised project cycle include among others:

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<sup>1</sup> The target for Full-Sized Projects (FSP) is an average of 22 months and for Medium-Sized Projects (MSP) an average of 12 months.

<sup>2</sup> GEFSEC has set for itself a response time of 10-days to submissions by Agencies, either for proposal review or other inquiries throughout the project cycle.

- (a) A need to review the amount of documentation required from the GEF Agencies in submitting proposals, particularly at the project concept phase;<sup>3</sup>
- (b) A need to provide more clarity about the information required at each stage of the project cycle and more consistency in the information requested. Additional information requested by GEFSEC has caused delays for countries and Agencies to gather the information requested by GEFSEC;
- (c) A need for more clarity on the requirement of co-financing at concept stage is necessary as they have caused internal delays within countries;
- (d) The need for the PMIS system to provide real-time data that is accessible by countries and by Agencies; Agency staff should be fully trained in the new PMIS in order to avoid duplication of effort and to streamline the various databases created for each Agency;
- (e) The need for further improvement of the GEFSEC service standards. This would include determining ways for improvement and re-assessing whether in certain instances the service standard might be unrealistic; and
- (f) The need for easy access and a more user-friendly version of the updated Operations Manual. This is of great importance in providing guidance and procedures for the Agencies and the countries' staff.

7. The steps taken to operationalize the new GEF project cycle, as described in this document, have focused on the segment of the project cycle between PIF submission and CEO endorsement. Once these steps have been completed, it would be appropriate to address other parts of the project cycle in order to achieve:

- (a) increased transparency in project selection by Agencies and countries prior to PIF submission;
- (b) increased efficiency of project implementation, supervision, monitoring and financial reporting.

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<sup>3</sup> While supporting the need to keep documentation to the minimum, STAP, based on screening of most FSP PIFs since July 2007, highlights the need to strengthen the scientific basis of the project concepts, or include clear statements about the Agencies' intention to comply, and therefore increase their chances of concept approval.

## INTRODUCTION

1. The revised GEF project cycle was approved by Council at its June 2007 meeting. The revised project cycle aimed at achieving the following objectives:

- (a) to reduce the project preparation time, which had drifted to an average of 66 months;
- (b) to establish more transparency in project selection, project review and processing;
- (c) to provide for an upstream review of project concepts both by the GEFSEC and the Council in order to achieve greater operational efficiency, resource predictability, and strategic coherence of the GEF projects; and
- (d) to streamline project processing procedures in every step of the project cycle.

2. The GEFSEC has since then undertaken measures to that effect, and is undertaking new measures to help achieve the above objectives, including, but not limited to, the following:

- (a) setting a target for elapsed time for project preparation not to exceed 22 months on average for full-sized projects and 12 months on average for medium-sized projects;
- (b) reducing the number of GEF project processing steps;
- (c) focusing documentation requirements on criteria that are harmonized with the standard procedures of the ten GEF Agencies, so that GEF project processing can more closely match the Agencies' mainstream business standards;
- (d) providing guidelines for the preparation of programmatic approaches;
- (e) preparing a section in the GEF Operations Manual to lay out all project processing procedures. This has been, initially accessible through a link provided to the Agencies and other stakeholders, but eventually will be accessible through the GEF website; and
- (f) redesigning the GEF project management information system (PMIS) to provide more transparency on GEF project status on a continuously updated basis, accessible to all GEF Agencies and countries.

3. Most of the above measures have started or are already ongoing. The focus of this paper is to review the progress to date on the elapsed time of project preparation and the response time of GEFSEC, the experience gained through this initial phase of implementation, challenges faced in the implementation and to detail the further improvements that can be made towards a more effective and efficient project cycle.

## FEATURES OF THE REVISED GEF PROJECT CYCLE

4. The revised GEF project cycle includes the following features designed to achieve a more efficient and more transparent process:

- (a) Upstream consultation with Council through submission of project concepts (PIFs) for Full-Sized Projects (FSPs) in work programs (and PIFs for Medium-Sized Projects to the CEO for approval): Instead of submitting final project documents in a work program as in the past, the objective of this change has been to constitute work programs made up of project concepts. The goal is to seek Council guidance on the implementation of GEF focal area strategies and programs at an early stage in the project cycle, including seeking early stage guidance from STAP on issues related to science and technology, in order to direct Council's focus onto match of concepts with objectives and strategies.
- (b) Downstream consultation with Council: The new project cycle also gives council members, at the time of circulation of the final project document before CEO endorsement of the project, another chance to review how the final FSP has been developed from the approved concept, and to reflect on how Council comments have been taken into account in bringing the project to endorsement.
- (c) Submission of PIFs on a rolling basis: This was implemented in order to provide flexibility to the GEF agencies, so that they could submit proposals as soon as they are ready without having to wait for a scheduled time, which could lead to unnecessary delay.
- (d) Increased frequency of intersessional work programs: Once a PIF is cleared by the CEO, it can be included in the next Work Program. The increase in frequency of intersessional work programs allows project concepts to be presented to Council for approval more frequently, which can in turn facilitate faster internal processing of Council approved concepts by the Agencies.
- (e) PIFs, once cleared by CEO, may start preparation: Similarly, once a PIF is cleared by the CEO, the Agencies can start preparing the project without having to wait for PIF approval by Council. Agencies can apply for a Project Preparation Grant (PPG), on behalf of project proponents, to help in the preparation of the project. The CEO has delegated authority to approve any such PPG. Furthermore, Agencies have the option to request an advance on their Agency fee for the amount of the approved PPG at the time of submission of the PPG proposal.
- (f) Implementation supervision, monitoring and final evaluation: The revised project cycle also includes provisions for improved monitoring during project implementation. A Results-Based Management Framework (RBM) was approved by Council in June 2007 and the GEFSEC is currently working to

fully operationalize the RBM.<sup>4</sup> The first Annual Monitoring Review (AMR) was submitted to Council in April 2008. The document is the main reporting tool for projects currently under implementation and outlines the steps being taken within each focal area to improve the overall monitoring system.<sup>5</sup>

## **MANAGEMENT OF PROJECT CYCLE OPERATIONS: PROGRESS TO DATE**

5. The above features of the project cycle are either under implementation or are in the process of being developed. The next paragraphs provide a summary of progress to date in their implementation, focusing on elapsed time analysis and performance against the GEFSEC service standard.

### ***Elapsed Time Analysis of the Revised Project Cycle***

6. The elapsed time analysis of the new project cycle covers the time period from July 1, 2007 through June 30, 2008, which is the first fiscal year that the revised procedures have been under operation. This preliminary analysis examines all of the PIFs received within the selected time period for full-sized projects (FSPs) and medium-sized projects (MSPs).<sup>6</sup>

7. For FSPs, the target is that projects should take an average of 22 months to move from Council approval of the PIF to CEO endorsement of the final FSP document. Since the first work program under the revised project cycle was in November 2007, the first batch of FSPs should reach the CEO for endorsement by September 2009. By that time we will have a better sense of whether or not FSPs will achieve the 22 months standard.

8. For MSPs, the revised project cycle aims for an average elapsed time of 12 months from PIF approval by the CEO to approval by the CEO of the final MSP document. Since the first projects under the revised project cycle were approved in June 2007, the first batches of MSPs were due to reach the CEO for endorsement by June 2008.

9. Below is an analysis of all the PIFs divided by project type, that the GEFSEC has received from July 1, 2007 through June 30, 2008 and the progress that has been made to date.

10. Full-Sized Projects: From July 1, 2007 through June 30, 2008, a number of 232 PIFs for FSPs have been received by the GEFSEC. The status of all the PIFs is broken-down in Table 1.

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<sup>4</sup> For details of framework please see the Council paper: Results-based Management Framework (GEF/C.31/11, June 2007)

<sup>5</sup> See details in *Annual Monitoring Review*, GEF/C.33/4

<sup>6</sup> The data used for this analysis was retrieved directly from the GEFSEC's database on August 26, 2008.

**Table 1: Project Status of Full-Sized Projects**

Project Status: Full Sized Projects		
Project Status	Number	Percent**
FSP final project document already endorsed by CEO	13	6%
PIF already approved by Council in a Work Program	114	49%
PIF cleared by CEO for entry to a Council Work Program	29	13%
PIF Pending	18	8%
PIF not recommended/rejected <sup>7</sup>	55	23%
PIF withdrawn	3	1%
Grand Total*	232	100%

\* Total number of PIFs for FSPs received by the GEFSEC since the launch of the revised project cycle July 1, 2007 –June 30, 2008.

\*\* Rounded to nearest percentage point.

11. For FSPs, the category ‘pending’ is used for those projects still awaiting PIF clearance for Work Program inclusion.<sup>8</sup> As of August 30, 2008, 8 projects were awaiting information from an Agency and 10 were awaiting a response from the GEFSEC.

12. The reason most projects are either rejected or not recommended is because they do not fit all the GEF's project review criteria. However, many of these projects might be resubmitted, once they have met the project review criteria. The six broad categories<sup>9</sup> for rejection or non- recommendation during the review period are:

- (a) Problems related to endorsement by country Operational Focal Point and/or RAF allocations;
- (b) Issues related to amount of co-financing and/or focal area allocation;
- (c) Issues related to Agency comparative advantage or joint Agency partnership;
- (d) Issues related to project design and GEF eligibility funding;
- (e) Issues related to potential duplication in project; and
- (f) Issues related to timing of approval: projects under Programmatic Approaches (PAs) have to wait for PAs to get Council approval first.

13. ‘Withdrawn’ projects cover the category of projects that are withdrawn by the Agencies before Council approval of the PIF. The three projects that were withdrawn during the time frame of this review were withdrawn because of a lack of progress made in the

<sup>7</sup> See paragraph below for explanation of categories of reasons for rejection/non-recommendation.

<sup>8</sup> The pending category is an especially fluid one because of the iterative nature of the PIF clearance process (between Agencies and the GEFSEC). Dividing “pending” projects by whether a project is pending with an Agency or whether it is pending within the GEFSEC is therefore difficult to pinpoint accurately.

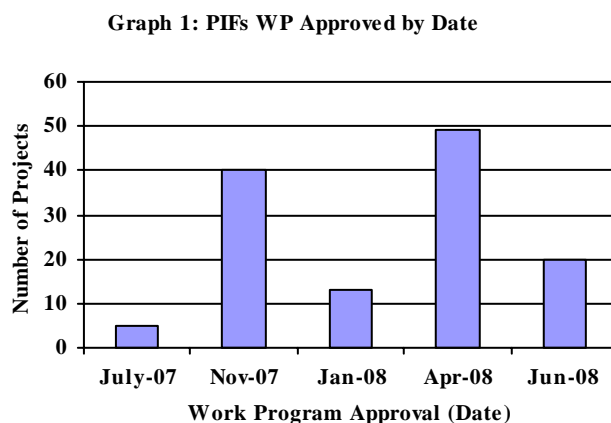
<sup>9</sup> As the word indicates, the categories are broad categories, and do not include every single cause of rejections or non-recommendation. The reasons for rejection or non-recommendation could be very unique to each project. For the purpose of this analysis, they are classified broadly under six categories.



implementation of the project preparation activities. Projects that are withdrawn can be resubmitted as PIFs at a later date, once problems reported by the Agency have been resolved.

14. Council approval of work program: Out of the 232 PIFs that have been submitted to the GEFSEC during the time frame of this review, 127 have been approved by Council through work programs. As mentioned earlier, the first work program under the revised project cycle was presented in November 2007. Therefore, if we consider an average of 22 months elapsed time for the first batch of projects, we would expect these projects to come back for endorsement before or around September 2009.

15. Graph 1 plots the number of projects by the date of work program approval. Seventy percent of all project approvals by Council through work programs occurred during Council meetings, November 2007 (40 projects) and April 2008 (49 projects) while the remaining thirty percent of project approvals by Council occurred intersessionally.



16. CEO endorsement of final project documents: In the time frame examined, 13 projects have been CEO Endorsed. The average elapsed time from Council approval in work program up until CEO Endorsement for these projects equals 7.1 months, with a range of 0.5 to 12.2 months. While these are well below the 22 month target set for the revised project cycle, the numbers are misleading because 9 out of the 13 of these projects had already been under preparation prior to the start of the revised project cycle and “re-entered” the GEFSEC as PIFs. {The remaining four are all part of the TerrAfrica “Strategic Investment Program” (SIP)}. Including all CEO endorsed projects, the average elapsed time from the first time the GEFSEC received a project concept, in GEF 3 and GEF 4, to CEO Endorsement of the final document is 33.8 months. Table 2 below provides the complete breakdown.

**Table 2: Elapsed Time for Full-Sized Projects**

Elapsed Time in Months: Full Sized Projects				
<i>Elapsed Time</i>	<i>PIF Received to PIF Clearance for WP Entry</i>	<i>WP Entry to CEO Endorsement of Final Project Document</i>	<i>Total Time: PIF Received to CEO Endorsement of Final Document</i>	<i>Original Date Received to CEO Endorsement of Final Document</i>
Average	1.1	7.1	8.2	33.8
Min	0.3	0.5	0.9	6.5
Max	2.7	12.2	12.8	77.4

17. While the revised project cycle set a goal of 22 months on average from work program entry to CEO endorsement of the final FSP documents, it is useful to keep track of how long it takes for a project to go from time of receipt of PIF by the GEFSEC till CEO endorsement of the final document (see column 4 in Table 2). This averages 8.2 months.

18. The average time from PIF receipt to PIF clearance for work program entry for the 13 projects that have been CEO endorsed is 1.1 months, which brings the average total time from the time of receipt of PIF to CEO endorsement to 8.2 months. While this preliminary data is encouraging and gives some indications that agencies and the GEFSEC may be able to meet the targets set in the new project cycle, it is too early to come to any conclusions about how long it takes projects to go through the approval phase of the project cycle as the number of projects which went through the cycle is small. The GEFSEC will continue to track elapsed time and report back to Council on how targets are being met when a more substantive number of projects that went through the process become available.

19. Medium-Sized Projects: The data for reviewing the elapsed time for processing MSPs is taken from PIFs received since July 1, 2007 to June 30, 2008. During this time, a total of 113 PIFs for MSPs have been received by the GEFSEC. Out of these, 18% have had their final document approved by the CEO, 33% have had their PIF approved, 37% are pending, 11% were not recommended or rejected and 2% were dropped. Table 3 summarizes the status of these 113 PIFs received by the GEFSEC.

20. The category labeled 'pending' includes those projects that need further clarification and are either with the GEF Agencies or awaiting project review within the GEFSEC. As of August 30, 2008, in the 'pending' category, 26 projects were awaiting information from the Agencies and 11 were awaiting a response from the GEFSEC.

**Table 3: Project Status of Medium Sized Projects**

Project Status: Medium Sized Projects		
Project Status	Number	Percent**
MSP final document approved by the CEO	20	18%
PIF approved	42	33%
PIF pending	37	37%
PIF not recommended/rejected <sup>10</sup>	12	11%
PIF dropped	2	2%
Grand Total*	113	100%

\* Total number of MSP PIFs received by the GEFSEC since start of revised project cycle: July 1, 2007-June 30, 2008.

\*\* Figures rounded to nearest percentage point.

21. 'Dropped' projects are labeled as such when they are dropped by an Agency before approval. Projects may be dropped for a number of reasons. Out of the two projects dropped during the time frame of the review, one was dropped because it was not aligned with GEF-4 strategies and the other was dropped because little progress was made in the implementation of the project preparation activities. Projects that are dropped can be resubmitted at a later date once problems reported by the Agency have been resolved.

<sup>10</sup> See paragraph 13 above for reasons of non-recommendation or rejection.

22. Final MSP document approved by CEO: For the 20 MSPs that have been approved by the CEO to date, the average elapsed time from PIF approval to CEO approval of the final project document was 4.6 months with a range of 0.7 months to 11.9 months (see column 3 in Table 4 below). All 20 projects were approved, on average, in much less time than the 12 month target set for MSPs under the new project cycle. This figure does not, however, take into account the fact that a number of these projects had been first received in GEF 3 or GEF 4 by the GEFSEC and “re-submitted” as PIFs. When the original date of receipt, by the GEF, is taken into account, the time from project entry to CEO Approval jumps to almost 22 months.

**Table 4: Elapsed Processing Time for Medium Sized Projects**

<b>Elapsed Time in Months: Medium Sized Projects</b>				
<i>Elapsed Time</i>	<i>PIF Received to PIF Approval</i>	<i>PIF Approval to Final MSP Approval by CEO</i>	<i>Total Time: PIF Received to Final MSP Approval by CEO</i>	<i>Original Date Received to Final MSP Approval by CEO</i>
Average	3.1	4.6	7.7	21.8
Min	0.1	0.7	2.8	4.2
Max	8.5	11.9	13.3	84.8

23. While the revised project cycle set a goal of 12 months from PIF approval to final MSP document approval by the CEO, it is useful to keep track of how long it takes a project to be processed from its first submission to the GEFSEC (PIF received) to CEO approval of the final project document. The second column in Table 4 shows that the average time spent from the PIF’s first submission by the Agency to the GEFSEC up to the actual approval of the PIF is around 3 months. This includes time spent to send documents back to an Agency for further clarification and resubmission. In general, the time spent in this phase is dependent on the nature of the project, with more complicated projects spending a longer time for clarification and resubmission.

24. Table 4, also shows that of the 20 MSP projects that have already been approved, the average time from first submission of PIF to CEO approval of final project document is 7.7 months with a range from 2.8 to 13.3 months (fourth column in table 4).

25. The last column in Table 4 counts the time from when the concepts were originally submitted to GEFSEC. These projects were later resubmitted to GEFSEC as PIFs. The total time from original submission to final MSP project document approval by the CEO averaged 21.8 months. While this is longer than the new targets set, it is still shorter than in the previous project cycle where the average elapsed time for MSPs from PDF-A to start-up was 30 months.

26. Time from PIF approval to CEO approval for MSPs: For the 42 MSPs in this review that have been PIF approved, as of August 30, 2008 only one of these has thus far exceeded the 12 month target<sup>11</sup>. The range in approval dates for the remaining PIFs is from 0.8 months to 9.6 months.

<sup>11</sup> The processing time for this project both in the PIF and the MSP final project document review took longer than planned. When the PIF was first submitted in July 2007, the Agency underestimated the time needed

27. It is difficult to make any definitive conclusions about these numbers at this early stage of the revised project cycle operation. It is however, encouraging that the above data showed that there is an improvement in the average processing time from the previous project cycle.

### *Service Standard of the GEF Secretariat*

28. In the Joint-Evaluation of the Project Cycle,<sup>12</sup> one of the frustrations expressed by countries and Agencies was the lack of transparency within the GEFSEC about where projects stood once they were submitted to the GEFSEC. To help address this concern, a Country Profile page<sup>13</sup> has been set up on the GEF website to provide information on the status of all projects for countries and agencies. In addition, to impose greater accountability and transparency at the GEFSEC level, the GEFSEC has established a service standard of 10 working days for responding to all project documents and enquiries submitted to the GEFSEC.

29. The GEF needs to move projects swiftly through the approval portion of the project cycle and the speed of progress is related to how quickly the GEFSEC can process projects at the different stages of the project cycle, including the screening of scientific and technical aspects by STAP. The following section provides an analysis of how the GEFSEC is meeting the 10-day service standard it has set for itself. The analysis is based on information collected from the GEF database of submissions from any Agency seeking any decision on any PIFs for MSPs or FSPs (work program entry, PIF clearance, PIF approval), any PPG requests, or any project document endorsements and approvals, etc. for the period July 1, 2007 to June 30, 2008.

30. It should be noted that the statistics collected for this section were retrieved directly from the GEFSEC database. These figures are therefore only as accurate as the information that is logged into the database. Since the process for reviewing PIFs and full project documents requires a great deal of iterative discussion between an Agency and the GEFSEC, not all responses or resubmissions are properly recorded in the database. The new PMIS system, where all submissions and responses will be entered directly into the database should provide more reliable figures. The new PMIS will record the exact actual status of each submitted project and will thereby enable increased transparency in the processing of GEF project proposals. From discussions with program managers at the GEFSEC and executive coordinators at the Agencies, it is likely that the statistics for response times will improve significantly once all data is logged directly in the system.

31. Service standard for FSPs: Out of 887 decisions sought by Agencies on an FSP, 485 (55%) were responded within 10 working days or less by the GEFSEC. The average response time was 12.3 working days. Over 90% of decisions sought were responded in 30

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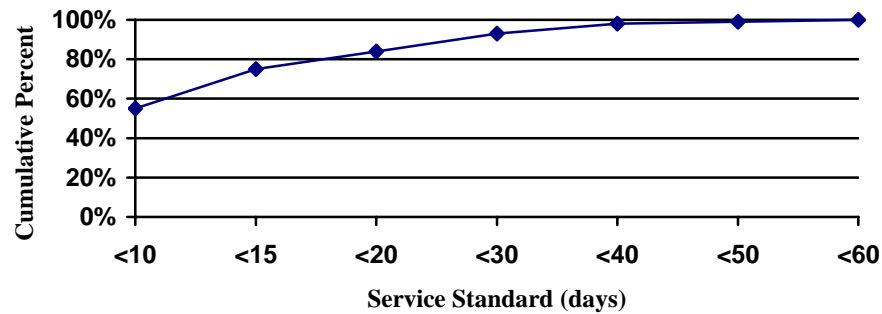
to prepare the project and finalize the MSP document. The Agency therefore requested an extension for CEO approval. All issues have now been resolved and the project has been CEO approved (total time from PIF approval to the CEO approval took 13 months).

<sup>12</sup> Evaluation of the GEF Activity Cycle and Modalities (GEF/ME/C.30/6, December 2006)

<sup>13</sup> The Country Profile page is available at: <<http://www.gefonline.org/Country/CountryProfile.cfm>>. Only national Operational Focal Points and other authorized individuals can access all parts of the website and see the status of project concepts (PIFs) before they have been cleared by the GEFSEC, after entry into the system.

days. The total range was from 1 working day to 54 working days (see graph 1). A breakdown of service standards by focal area is included in Table 5.

**Graph 2: Service Standard Cumulative Percent for FSPs**

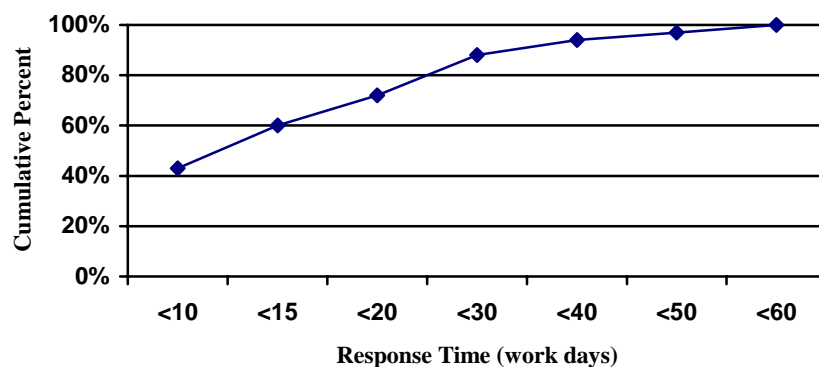


**Table 5: Service Standard for FSPs by Focal Area**

<i>Focal Area</i>	<i>Average (days)</i>	<i>Range (days)</i>	<i>Percent Responded to in 10 days or less</i>
Biodiversity	13.2	1 to 54	49%
Climate Change	13.5	1 to 48	54%
International Waters	10.5	1 to 39	60%
Land Degradation	12	1 to 42	57%
Multifocal Areas	10.5	1 to 41	58%
POPs/Ozone	11.6	1 to 49	57%

32. Service standard for MSPs: Out of 351 decisions sought by Agencies for a decision on an MSP, 151 (43%) were responded to within 10 working days or less by the GEFSEC. The average response time was 16 working days. About 88% of decisions sought were responded to within 30 days. The range was from 1 working day to 67 working days (see Graph 3).

**Graph 3: Service Standard Cumulative Percent for MSPs**



33. From the current data, the GEFSEC believes that response time still needs to be improved and will continue to track and report on its service standards. However, the issue of the 10-days response time also needs to be reviewed. As projects vary significantly depending on the complexity of their design, decisions on projects may well need more than 10-days in order for GEFSEC to provide a sensible response. This is especially true when a large group of proposals are submitted to the GEFSEC at the same time. The GEFSEC will investigate further the setting of a 10-day service standard by reviewing ways it can be improved and determining whether in certain instances the service standard might be unrealistic.

### ***Other Measures Undertaken in the Revised Project Cycle***

34. Programmatic Approaches: At its meeting in June 2007, in connection with the discussion of the *GEF Project Cycle*, Council specifically requested the inclusion of programmatic approach papers in the Work Program. These would involve details of all the relevant projects to be financed under that programmatic approach along with the Project Identification Forms (PIFs), when available. In response to this request, the GEFSEC prepared a paper on programmatic approaches (PAs) and submitted it to Council in April 2008.<sup>14</sup>

35. The objective of the paper was to clarify PAs and to provide a Council decision document on GEF's position on PAs, including their added value, their basic principles and the approval procedures. Among other things, the paper provided guidelines for the preparation of PAs, which has eased past confusion about the submission of PAs for GEFSEC clearance. Since its introduction, the GEFSEC has seen an increasing trend in the submission of PAs. For example, there were 10 new PAs submitted in the April 2008 work program and five in the November 2008 work program. In addition, many projects have been submitted under one of the previously approved PAs. An analysis of the approved PAs to look at lessons learned will be conducted in 2009 in order to inform GEF Council on any necessary adjustments to be made in GEF-5.

36. GEF Project Management Information System (PMIS): The old GEF PMIS was first designed in 2001, after several years into the GEF's initial phase of operation. At that time, the design of the system was considerably less complicated given the modest amount of data available about projects. As GEF operations have increased significantly over the last several years<sup>15</sup>, the pressure to upgrade the system has been mounting. In addition, demand for more transparency at every stage of operation has come from all GEF stakeholders. These factors have prompted the launch of an overhaul and redesign of the PMIS.

37. The new PMIS, which is scheduled to go live in the fall of 2008, will provide direct access to countries, especially the GEF Operational Focal Points, and all relevant GEF stakeholders on almost all aspects of the project cycle. In particular, the new PMIS will give open access to the project screening done by STAP, comments from Council members, the agencies and the convention secretariats, as well as the project related correspondence between these partners. The aim is to ensure full transparency in project review and processing. The new system also provides a reliable framework to exchange project information between the GEFSEC, Trustee, GEF Agencies and the Evaluation Office. Most

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<sup>14</sup> *From Projects to Programs: Clarifying the Programmatic Approach in the GEF Portfolio* (GEF/C.33/6)

<sup>15</sup> The PMIS started with around 800-900 projects in 2001, and the number of projects has grown to over 4,000 today.

importantly, the new PMIS provides real time tracking information for projects and focal area portfolio management indicators, which are an essential tool for project and for focal area strategy analysis.

38. **Operations Manual:** The preparation of a GEF Operations Manual (OM) was also undertaken in order to improve project cycle operations. The objective of the Operations Manual is to provide a single source for all operational issues accessible to relevant GEF operations staff, including staff from GEF project country offices, the Agencies, the Agencies' country offices, NGOs and Trustee. The draft OM was launched in April 2008 and is accessible through an FTP file.<sup>16</sup> The OM will be continuously updated to reflect the latest Council decisions as they relate to GEF operations, policy decisions, etc. The GEFSEC is currently exploring how best to enable access through the web, given the need to frequently update the document.

### **CHALLENGES IN IMPLEMENTING THE REVISED PROJECT CYCLE**

39. The biggest challenge in implementing the revised project cycle has been the number of new initiatives that have been launched at around the same time, including:

- (a) Implementation of the Resource Allocation Framework (RAF) which went into effect for relevant projects under GEF-4;
- (b) Preparation of the new Focal Area strategies under the Technical Advisory Groups;
- (c) Development of the new database system in the GEFSEC and its initial testing phase;
- (d) Implementation of new rules and procedures in the revised project cycle, such as the rolling submission of PIFs and increased frequency of intersessional work programs;
- (e) Changes in the format/template for the submission of proposals for GEF clearance/approval and in the costings for activities;
- (f) Implementation of new procedures for reviewing scientific and technical aspects at a much earlier stage in the project cycle through STAP screening of PIFs immediately after CEO clearance of PIFs;
- (g) Compliance with new GEF service standards; and
- (h) Preparation of Operations Manual.

40. The undertaking of all these new initiatives has meant that relevant GEF stakeholders (countries, Agencies, GEF staff) have had to adapt to a number of new processes at the same time. The simultaneous implementation of these initiatives has been especially challenging

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<sup>16</sup> Access code for the Operations Manual: <ftp://gefonline.org/> (Username: Shared; Password: Gefaccess01)

as many of these new initiatives are built upon one another and have needed significant staff time to develop and implement.

41. For example, the design of the RAF system took a considerable amount of GEFSEC staff time and effort. The process began in May 2003 and ended in September 2005 and became applicable for the first work program under GEF-4 (June 2007 work program). At the same time, the discussion of a streamlined project cycle was taking place. Many suggestions and ideas were discussed and debated, and finally Council approved a revised project cycle in its June 2007 meeting and it was applied to the third work program under GEF-4.

42. The new project cycle comes with many changes in the way the GEF does business. In particular, the target for elapsed time for projects to be submitted for CEO approval and endorsement means a tight process from both the Agencies' side and GEFSEC's. Both the elapsed time measure and the GEFSEC service standard compliance were intended to bring major changes to the way the GEF conducts its business. Having the two events occur at the same time has caused some confusion and required considerable effort to implement for the entire GEF family.

43. One of the most challenging tasks under GEF-4 has been the design and implementation of the new database system: the demand for a significantly improved system involved not only exploration of the technical capability within the resource means of the GEFSEC, but also required a review of all existing data. This review revealed many inaccuracies within the database that needed to be reconciled. This led to GEFSEC's undertaking a large scale clean-up of the system, utilizing all data sources available from the Agencies, past data files, websites of GEF Agencies and archives, etc. Adequate testing of the system also requires a great deal of staff time, which is difficult to find given all the other changes that have taken place during the same time frame.

44. Prior to August 30<sup>th</sup> 2007, the revision on multiple occasions of the main types of templates for project submission at various stages of the project cycle has created a large amount of confusion for countries and Agencies. Since then, there has been no change in the templates made publicly available on the GEFSEC website even though new operations policies and procedures have been implemented to reflect management requirements for project decisions. In order to correct the gaps in these templates and the new decision requirements for projects, GEFSEC has had to request additional information from both the Agencies and the project proponents. This has created additional confusion and caused some time delays.

45. On top of the confusion with the template changes and requirements, new Council decisions have to be implemented. For example, the recent Council decision and requirement to incorporate non-grant instruments into the templates has been difficult to incorporate, especially in the entry of new data requirement into the database. This process is still under discussion and yet to be incorporated into the future revised templates. The continuous improvement of the process will remain a major challenge, as we prepare for the launching of the new database system and ensure that the system functions better for the countries and the Agencies.



## AGENCIES' EXPERIENCES WITH THE PROJECT CYCLE OPERATION

46. Overall, the Agencies are pleased with the initiatives coming out of the new project cycle. In particular, the following aspects have been most welcome:

- Rolling submission of PIFs: this has provided increased flexibility in the submission of proposals to the GEFSEC for review, and provides for the possibility of continuing project preparation without interruption. According to the Agencies this has helped to speed up work flow and allows concepts that often emerge at odd times to be submitted without having to wait for months. The time saved is appreciated by the countries and by the Agencies.
- Increased frequency of intersessional work programs: this initiative has provided the Agencies and countries alike with the flexibility to submit new proposals at almost any time to the GEFSEC and have them submitted to Council for approval without delay.

47. Project Milestones: The project milestones requested by GEFSEC in the templates provide important information that is used to estimate the elapsed time set as target in the new project cycle. The Agencies did not express concerns about complying with the stated project milestones. There are a few cases where an Agency has had to request an extension to the milestones originally set in the PIF due to estimates at the concept stage that did not take into account all possible externalities. The Agencies have expressed appreciation for the support received from the GEFSEC when requesting milestone extensions. It is still too early to assess the actual compliance of the milestones for CEO endorsement of the final project document, as the new project cycle has only been under implementation for a little over twelve months.

48. Time spent by Agencies prior to submission of PIF to GEFSEC: One important piece of information that is not captured in the GEF project cycle timeline is the amount of time the Agencies spend with the project proponents in the country, before a project concept can be established and a PIF prepared. The current GEFSEC information system starts with the entry of PIF into the GEF PMIS system and the elapsed time of project preparation starts with Council approval of work program and tracks its progress until the project final document is CEO endorsed and continues into implementation. The time that Agencies spend with the countries to develop project concepts prior to submission of PIFs to the GEFSEC is therefore not captured in the target elapsed time set in the new project cycle. To provide a more comprehensive picture of a project through its development timeframe, Agencies may need to provide GEFSEC with the amount of time it takes for PIF preparation and to inform Council of the costs involved in this process.

49. Inconsistencies in reviewing PIFs and project documents: Agencies found that additional information requested from GEFSEC program managers, beyond that required in the agreed templates, is inconsistent (for example, co-financing ratios across project components and the eligibility of some activities for GEF funding are treated differently by various reviewers

50. The Agencies also pointed out that the GEFSEC's service standard has improved over the course of the year. The Agencies encountered some difficulties in the initial phase, but

did express an appreciation of the GEFSEC's efforts to comply with the 10-day standard. In addition, the Agencies have, where available, reacted positively to the STAP screening of PIFs and the three categorizations used (Consent; Minor Revisions; Major Revisions) to record STAP's recommendations to Council. In at least three cases, the Agencies have used the STAP screening to request further scientific and technical advice from STAP. Agencies did however express that in some cases, STAP reviews have not been fully mainstreamed in the current review process.

#### **SUGGESTIONS FOR IMPROVING THE OPERATION OF THE REVISED PROJECT CYCLE**

51. While the implementation of the new project cycle has been challenging, overall progress to date has been positive. It is not yet clear whether or not the GEF will meet the targets set for elapsed times for both FSPs and the MSPs, since many of the projects that have been CEO approved or endorsed in this review had been under a long period of preparation prior to being resubmitted during FY08 for inclusion in the work program. Despite this limitation, there are indications from the FY08 data that shortening the project cycle is possible and that the GEF is currently on track to achieve the targets set.

52. Suggestions for improving the operation of the revised project cycle include among others:

- (a) A need to review the amount of documentation required from the Agencies in submitting proposals, particularly at the project concept phase;<sup>17</sup>
- (b) A need to provide more clarity on the information required at each stage of the project cycle. Requests for additional information has caused delays for countries and Agencies alike before they can get the extra information requested by GEFSEC;
- (c) A need for more clarity on the requirement of co-financing at concept stage is necessary as requirements for co-financing at concept stage have caused internal delays within countries;
- (d) The need for the PMIS system to provide real-time data that is accessible by countries and by Agencies; Agency staff should be fully trained in the new PMIS in order to avoid duplication of effort and to streamline the various databases created for each Agency;
- (e) The need for further improvement of the GEFSEC service standards. This would include determining ways for improvement and re-assess whether in certain instances the service standard might be unrealistic; and
- (f) The need for easy access and a more user-friendly version of the updated Operations Manual. This is of great importance in providing guidance and procedures for the Agencies and countries' staff.

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<sup>17</sup> While supporting the need to keep documentation to the minimum, STAP, based on screening of most FSP PIFs since July 2007, highlights the need to strengthen the scientific basis of the project concepts, or include clear statements about the Agencies' intention to do so, and therefore increase their chances of concept approval.

53. The steps towards operationalization of the new GEF project cycle, as described in this document, have naturally focused on the segment of the project cycle between PIF submission and CEO endorsement. Once these steps have been completed, it would be appropriate to address the rest of the project cycle in order to achieve

- (a) increased transparency in project selection by Agencies and countries prior to PIF submission;
- (b) increased efficiency of project implementation, supervision, monitoring, and financial reporting.