Direct Access to the GEF Trust Fund

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Accessing the GEF Trust Fund

Two ways to access the GEF Trust Fund:

• **Traditional Modality:**
  ✓ The Secretariat approves projects submitted by the GEF Agencies on behalf of the countries; and
  ✓ Trustee transfers funds to the Agencies who in turn disburse to countries.

• **Direct Access Modality:**
  ✓ Project proponents/countries work directly with the GEF Secretariat without going through a GEF Agency;
  ✓ Funds will be disbursed to the countries directly.
  ✓ Secretariat thus acts as an implementing agency for the project.
Direct Access Eligibility

Two types of GEF Projects are eligible to use direct access modality to access GEF Trust Fund:

- **National Portfolio Formulation Exercise** (NPFE): which is a report that describes how a country plans to program the GEF resource that is allocated to a country in a given replenishment period; this report can be done by the countries on a voluntary basis and a country can receive an amount up to $30,000 to finance the report.

- **Enabling Activities** which comprise reports to conventions in four focal areas: climate change, biodiversity, land degradation and chemical and waste (including POPs, Minamata Convention Initial Assessment (MIA), and ASGM National Action Plan).

- At present, countries have the option to use either the traditional modality or direct access modality to undertake enabling activities. The size of the EA follows the threshold amount established by each focal area.
Direct Access Operational Mechanism

**Traditional modality** of accessing the GEF resources through a GEF Agency:

- Normally, the GEF Agency signs a Grant Agreement with the recipient country where all the conditions for the use of the GEF grant are laid out.

**Direct Access Modality:**

- **Issue:** GEF Secretariat lacks the legal personality to enter into a legal agreement with a third party.

- **Solution:** Secretariat made an arrangement with the World Bank where its president granted the GEF CEO the authority to sign a Grant Agreement in the capacity of a Vice President on behalf for the World Bank directly with the country.

- **Obligation** of the Secretariat: to follow World Bank’s Operational Policies and Procedures in implementing the direct access projects.
Broad Steps of a DA Modality

1. Interested countries contact GEF Secretariat to discuss the project/enabling activity;
2. Submit an application to the Secretariat;
3. Secretariat reviews the application on the technical content, approve the proposed budget, and contacts the World Bank Country Office staff to request help for the following in accordance with WB policies:
   ✓ Perform a financial management assessment of the executing entity;
   ✓ Perform a procurement assessment of the executing entity.
4. Once the FMA and PA are completed, the GEF Secretariat will process clearances from the WB’s departments including: financial management, procurement, disbursement/loan, legal, trust fund and Trustee.
Broad Steps for a DA Modality

5. GEF Secretariat prepares and GEF CEO signs Grant Agreement and Disbursement Letter and then send to the country for counter-signature.

6. Country’s executing entity works with the WB Country Office staff on the details of fund withdrawal application through electronic processing.

7. Implementation starts.

8. Completed reports are submitted to the respective convention secretariats with a copy to the GEF Secretariat.

9. Secretariat performs final steps in closing of the Grant Agreement.
Issues Encountered

- **Time consuming:** PMs need to invest in large amount of time to learn the WB policies and procedures, especially at the beginning of the process using the SAP modules.
- GEF Secretariat does not have staff on the ground, rendering supervision impossible and has to rely on the WB Country Office staff.
- WB Country Office staff are not familiar with this GEF’s new initiative; this led to confusion with regards to coordination and allocation of responsibilities between the WB and the GEF task teams.
- Since the grant amount is very small in comparison to the normal WB project size, they usually are stuck at the lower end of the priority list of the WB task team.
- For countries, this is new and capacity to implement a project without help of a GEF Agency in the field could pose challenges and leading to delays.
Issues Encountered

- The WB protocol calls for signature by the Minister of Finance (MoF) for any WB Grant or Loan Agreements.
- GEF normally works with the Ministry of Environment (MoE) and has no regular relationship with the MoF; they may not understand why they are asked to sign a Grant Agreement where funds will not pass through MoF.
- Relationship among the ministries in a country may not be the most harmonious one and usually causes rift between the ministries. All these causes tremendous delays.
Issues Encountered...3

Issues during closure of the project in the country due to their unfamiliarity of WB procedures include the following:

• Mistakes include:
  ✔ not familiar regarding the significance of grant Closing date which implies all project activities should have been completed;
  ✔ unaware of obligation to submit final withdrawal application to document incurred expenditures before the grace period (i.e. four months after the closing date).
Implication for GEF-6

- GEF-5 was a learning experience for all parties involved: the GEF Secretariat, the Countries and the WB Country Office as well.
- Countries already felt more in control after encountering problems at the beginning of this DA modality.
- The Secretariat staff also gained confidence in the processing of the DA projects, although the complexity of the process cannot be undermined.
- Riding on the experience gained, some countries already submitted their application to do the NPFE for GEF-6 as we entered GEF-6 in its third month. Compared to GEF-5, many countries submitted their application after the second year of GEF-5 which for an NPFE is very late.
- As we move into GEF-6, experience gained would no doubt facilitate the process.
Lessons Learned from DA

• Capacity building for both the countries and the GEF Secretariat staff is definitely beneficial to both;
• One of the overarching objectives of the direct access is country ownership. While we thought it is achieved, this will leave to the countries to provide further assessment and feedback.
• The learning curve of this process is quite long for all parties involved. Training of government staff to familiarize with the policies and procedures of both the GEFSEC and WB is crucial.
• It provides the opportunity for ministries within the country to talk and to coordinate in order to process the project and receive funding. Early coordination among ministries is crucial.
• Frequent communication between the executing agency, the GEF Secretariat’s Program Manager (Task Team Leader), the WB country office’s task team, is critical to ensure smooth implementation and grant closure.
Thank you for your attention!

Questions?

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