United Nations Development Programme

Empowered lives.
Resilient nations.

19 September 2019

Dear Resident Representatives,

At the last meeting of the Executive Group, there was much discussion on measures that can be taken to achieve or exceed our delivery and development targets in 2019.

In this context, I would like to seek your support and commitment to prioritize the implementation of existing projects financed by the global environmental vertical funds, and to do so in line with the tight deadlines to which UNDP committed (see Annexes).

For many COs, the vertical funds represent an important service line offer to Governments and an important ingredient in mobilizing finance for the SDGs. Speeding up delivery will demonstrate UNDP's ability to deliver results, greatly enhance UNDP's reputation with our key partners to advance the SDG Agenda– the Global Environment Facility (GEF) and the Green Climate Fund (GCF) in particular – and improve overall financial delivery.

Improving on delivery and delivering results is crucial to stay ahead of the pressures placed on UNDP by the vertical funds. Given UNDP's predominate market share in the GEF, GCF, and Adaptation Fund, the donors on their governing bodies expect UNDP to deliver results and in doing so meet increasingly strict operational efficiency targets. **The consequences of not meeting these targets range from automatic cancellation of the project, to not disbursing the Fee or project grant to UNDP, to de-prioritize consideration of new projects from countries with on-going projects that should be financially closed or projects that are under-performing both substantively and/or financially**. Moving forward, the targets included in Annexes (set by the vertical funds themselves or by the BPPS/Global Environmental Finance Unit to ensure compliance with vertical fund policy), will be monitored closely by BPPS and Regional Bureaux units.

Abiding by the vertical fund operational efficiency targets also makes financial sense. For example, project extensions are never at 'no-cost' as extending the project extends direct and indirect costs that cannot be recovered. All efforts must be made to implement and close projects as per agreed milestone except for *force majeure*.

In addition to the above, we would like to take this opportunity to highlight the following matters which are essential to get right as new project proposals are designed:

1. It is important to design and budget for project costs that are based on the findings of capacity assessments of the Implementing Partner and Responsible Parties. These assessments will also determine the level of Country Office support required and the corresponding costs noting that these costs must be in line with the policies of the vertical funds. This ensures the projects are better aligned with in-country conditions and the capacity of the Implementing Partner and the Country Office, in full compliance with the due diligence policies of UNDP and the vertical funds.

2. Country office support to NIM requires careful adherence to the policies of the vertical funds. For GEF-financed projects, this includes a careful consideration early in project design on specific UNDP support services that the Government and GEF Operational focal Point (GEF OFP) agree UNDP should provide for the full duration of project implementation. These 'execution services,' as they are called by the GEF, must also be approved by the GEF Secretariat, though they are increasingly reluctant to approve them. Further guidance on this is available here.

In concluding, we stand ready to support you in renewing your implementation support efforts for projects financed by global environmental vertical funds. Should you have any concerns or questions, please do not hesitate to contact your BPPS/Global Environmental Finance staff.

Yours sincerely,

Darshak Shah
Chief Finance Officer, UNDP

and

Pradeep Kurukulasuriya
Executive Coordinator & Director- Global Environmental Finance
& Head, Natural Capital and the Environment
Bureau for Policy and Programme Support (BPPS)/
Global Policy Network

Annex 1: Global Environment Facility (GEF): Key deadlines

GEF Milestones	Targets for full size projects (FSPs) (GEF grant over USD 2 million)	Targets for medium size projects (MSPs) (GEF grant under USD 2 million)
Project design and development stage		
PIF submitted to UNDP-GEF for technical clearance	4 months before GEF Council meeting	Rolling basis
Initiation Plan submitted to UNDP-GEF for technical and financial clearance[1]	10 working days after PIF cleared by GEF for inclusion in the Work Programme[2]	10 working days after PIF approved by GEF CEO
Initiation Plan signed by UNDP RR	25 working days after PIF approval[3]	25 working days after PIF approval by GEF CEO
PPG lead consultant signs contract to develop project document	35 working days after PIF approval	35 working days after PIF approval by GEF CEO
Project Document submitted to UNDP-GEF for technical and financial clearance	10 months after PIF approval	6 months after PIF approval by GEF CEO
Project Document submitted to GEF for CEO endorsement	**12 months after PIF approval or project automatically cancelled by the GEF**	**8 months after PIF approval by GEF CEO or project automatically cancelled by the GEF**
UNDP LPAC	Before CEO endorsement	Before CEO approval
GEF CEO endorsement	**18 months after PIF approval or project automatically cancelled by the GEF**	**12 months after PIF approval or project automatically cancelled by the GEF**
Project Implementation stage		
Start of Project Implementation (project document signature date)	25 working days after CEO endorsement	25 working days after CEO approval
First disbursement[4] of GEF grant	40 working days after CEO endorsement	40 working days after CEO approval
Annual Project Implementation Report (GEF PIR)	Every year, typically in July	Every year, typically in July
Posting of Independent Mid-term Review Report[5]	By date included in Project Document	By date included in Project Document
Posting of Independent Terminal Evaluation Report	By date included in Project Document	By date included in Project Document
Project extension	Once per project. Maximum extension duration for on-going projects is 12 months. For new projects will be 6 months.	Once per project. Maximum extension duration for on-going projects is 12 months. For new projects, this will be reduced to 6 months.

[1] Signals to Country Office to advertise for the PPG team including national consultants.
[2] When the GEF clears a PIF for inclusion in the Work Programme the PPG is approved by the GEF CEO and these project preparation grants funds can be accessed immediately.
[3] PIFs are approved the day of the Work Programme session of the GEF Council meeting. 20% of the GEF Fee for FSPs is released to UNDP on PIF approval.
[4] 50% of the GEF Fee for FSPs is released to UNDP at first disbursement; 100% for MSPs.
[5] 30% of the GEF Fee for FPS is released upon posting of MTR report

	Must be approved by UNDP GEF Executive Coordinator.	Must be approved by UNDP GEF Executive Coordinator.
Project closure stage		
Operation closure	3 months after posting of TE	3 months after posting of TE
Financial closure	6 months after operational closure	6 months after operational closure

Annex 2: Green Climate Fund (GCF): Key deadlines

GCF Milestones	Targets
Funded Activity Agreement (FAA) signature	within 180 working days from the date of GCF Board approval of project
FAA effectivness	no later than 90 working days after the FAA signature
Project Document signature	prior to request to GCF for 1st disbursement
Disbursements	✓ first disbursement : 90 working days from the FAA effectiveness date, ✓ subsequent disbursements according to plan in FAA (request to be sent to GCF at least 30 working days prior to the date on which the disbursement is to be made by GCF)
Project specific conditions	fulfilled prior to FAA effectivness or during implementation as indicated in the signed FAA (different for individual projects)
Inception report (and in some cases baseline assessments)	within 6 months after FAA effectiveness date
Annual progress reports (GCF APR)	1 March of each calendar year (internal deadlines are earlier – determined each year)
Co-finance materialisation reporting	Part of the annual progress reporting; letters from financiers confirming the amount that materialised in that calendar year to be requested in autumn of each year
Mid-term evaluations	As per FAA
Project completion report	3 months after completion date
Independent final evaluation report:	6 months after project completion date
Requesting a waiver of a condition	immediately – as soon as it is known that one is needed – this requires GCF Board approval
Requesting an extension of the period for condition fulfillment	45 working days prior to the prior to the condition fulfilment deadline (internal deadline) – this requires approval by GCF Executive Director
Major change request (including project extensions, change of scope, executing entity, financial structure, ESS category, co-finance not materialising and cannot be replaced etc.)	as soon as they are known – major change requires approval by GCF Board