General Considerations

The GEF and the Bank’s Role in it

1. The Global Environment Facility (GEF) was established to assist in the protection of the global environment and promote environmentally sound and sustainable economic development. The Bank is the Trustee of the GEF Trust Fund, the provider of administrative services, and one of the three Implementing Agencies of the GEF. This OP sets out the operational framework for the provision of GEF financing by the Bank in its capacity as an Implementing Agency.

Types of GEF Operations

2. The GEF provides grants and concessional financing to support the following operations (whether free-standing projects or projects cofinanced by the Bank or the International Development Association) and activities that satisfy the eligibility criteria set forth in the GEF Instrument:

   a. full-size projects, for which the amount of GEF funds exceeds $1 million;

   b. medium-size projects, for which the amount of GEF funds does not exceed $1 million;

   c. expedited enabling activities and national capacity self-assessment projects; and

   d. Project Preparation Grant (PPG) activities.

Currency Denomination

3. GEF grants are denominated in United States dollars.

Exception to the Application of Bank Policies

4. The Bank’s operational policies apply to GEF grants, except when OPs expressly exclude or restrict their application. Bank operational policies do not apply to projects carried out by organizations that the GEF Council has identified as being eligible to work with the GEF through expanded opportunities for project preparation and implementation.

Arrangements for Project Preparation and Implementation
5. For GEF-financed projects and activities, the Bank may make arrangements for project preparation and implementation with countries, political subdivisions, national institutions, multilateral development banks, specialized agencies and programs of the United Nations, other international or regional organizations, bilateral development agencies, nongovernmental organizations, or public or private entities.10

**Special Considerations**

**Signing/Effectiveness**

6. The Bank’s policy on the signing of legal documents and effectiveness11 does not apply to agreements or arrangements for medium-size projects, expedited enabling activities and national capacity self-assessment projects, and PPG activities. Once the GEF Chief Executive Officer has approved such projects or activities, the agreements and arrangements for these projects and activities are signed by those having authority to sign in the name and on behalf of the Bank under Administrative Manual Statement 1.30.

**Suspension**

7. When Bank disbursements to a recipient country have been suspended, if the Regional vice president determines that the objectives of projects or activities proposed for GEF funding can nevertheless be achieved, full-size projects may still be presented to the Board for approval; medium-size projects, expedited enabling activities and national capacity self-assessment projects, and PPG activities may still be approved; and the legal documents for such projects and activities may still be signed. When a country is under suspension of disbursement for longer than six months, closing dates for GEF grants may be extended if the Regional vice president determines that the project objectives can be achieved.

**Conservation/Guarantee Funds**

8. The Bank may disburse GEF funds to capitalize a conservation fund12 or a guarantee fund, provided that, throughout the duration of the Bank’s supervision of the GEF-financed project for the capitalization of such a fund:

   a. the Bank retains the right to request audits of the fund;

   b. the board and/or management of the fund (or comparable organ(s) for the administration of the fund) are composed of professionals who have qualifications and experience satisfactory to the Bank and have the capacity to exercise satisfactory control over the use of the fund;

   c. the fund is managed in accordance with operational and financial policies, and on the basis of a constitutive and/or statutory instrument, acceptable to the Bank;

   d. the fund is subject to the Bank’s policies on audits and financial reporting; and

   e. the Bank has the right to require the recipient to repay the grant to the Bank if the recipient breaches any of the foregoing conditions, except for the amount of the grant that would be needed to meet the recipient’s obligations under guarantees issued and existing before the recipient’s receipt of the Bank’s repayment notice.

9. Activities financed by conservation funds are subject to the Bank’s procurement guidelines as specified in the agreement to finance such activities, whereas guarantee funds are not subject to such guidelines (except for broad considerations of economy and efficiency).

10. Supplemental GEF grants to capitalize conservation or guarantee funds are approved by the Board on an absence-of-objection basis, and are not subject to Bank requirements on additional financing.13

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2. For the purposes of this OP, “Bank” means the International Bank for Reconstruction and Development.

3. Throughout the rest of this OP, “grant” includes concessional financing.


5. Paragraph 9 of the GEF Instrument.

6. Expedited enabling activities provide financing for the preparation of a plan, strategy, or program to fulfill commitments under a global environmental convention and preparation of a national communication or report to a relevant convention. National capacity self-assessment projects identify country-level priorities and needs for capacity building to address global environmental issues.

7. PPG activities are aimed at GEF project preparation.

8. These include the Bank’s anticorruption framework.

9. A list of such organizations is available at the GEF website: http://thegef.org/Partners/Exe_Agencies/exe_agencies.html. In projects carried out by these organizations, the policies and procedures (including safeguard policies and procedures) that apply are those of the organizations in question, and not those of the Bank.

10. When arrangements are made with entities other than countries, endorsement must be obtained from the authorized representative of the country concerned who, as a rule and unless otherwise requested in consideration of the type of project or for other reasons, is its GEF Operational Focal Point.

11. OP/BP 10.00, Investment Project Financing.

12. Conservation funds, whether endowment funds or sinking funds, are financial mechanisms through which grant funds are retailed into smaller projects over a period of time.

13. Board approval of supplemental GEF grants is subject to simplified procedures.