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March 2, 2017

Dear Mr. Barathe,

**Subject: Full-Size Project, Global, Project Title: Adaptive Management and Learning for the Commodities IAP – PIMS No. 5665, ATLAS BU: UNDP1- Proposal No.: 00097946, - Project No.: 00101490**

I am pleased to delegate to you as the Director a.i. of UNDP Regional Hub for Latin America and the Caribbean the authority to sign the project document on behalf of UNDP for the above-mentioned full-size project. The project, which amounts to a total of USD 2,749,124, has received its final approval in accordance with the established Global Environment Facility (GEF) procedures (CEO approval/endorsement attached as relevant in Annex 1).

I am also pleased to provide a summary of the next steps in the process and to outline, for your ease of reference, the mandatory GEF-specific project financial and results management requirements. Please note that Annex 2 clarifies these in further detail.

**Next steps and mandatory GEF-specific requirements:**

1. Project document signature:

As the Regional Hub for Latin America and the Caribbean Director with the delegated authority for this global project, we kindly request that you sign the above-mentioned full size project document on behalf of UNDP.

2. Issuance of Authorized Spending Limit (ASL): To facilitate a quick start to the project, once the project document is signed, please kindly ensure that the Atlas-generated *Annual Work Plan (AWP)* based on the *Total Budget and Annual Work Plan* in the attached project document, along with a copy of the signed cover page, is sent to Mr. Andrew Bovarnick, Regional Technical Advisor (RTA) in Panama.

Any proposed budget revisions should be discussed with and forwarded early to the UNDP RTA together with a clear explanation of the changes proposed as any significant changes require review and approval by the GEF Secretariat. In addition, please note that the UNDP-GEF Unit is not in a position to increase the project budget above the amount already approved by the GEF Council. Therefore, any over-expenditure on this project would have to be absorbed by other Regional Hub resources.

3. Fee: As an Implementing Agency of the GEF, UNDP earns a fee upon approval of each project which is to be used to cover specific project assurance and oversight costs incurred by UNDP. For the Regional Hub in Panama, these services are related to the provision of project cycle management services, as detailed in Annex 2.

Mr. Richard Barathe  
Director a.i.  
UNDP Regional Hub for Latin America and the Caribbean  
Panama

The total fee over the lifetime of the above mentioned project for this Regional Hub support services will be USD 87,789. This fee will be paid directly by the UNDP-GEF Unit to the XB account of the Regional Hub for Latin America and the Caribbean, based on project delivery, audit compliance, and compliance with the GEF project management requirements outlined below.

As noted above, the GEF fee is provided to cover the specialized project cycle management service indirect costs as detailed in Annex 2. At the Regional Hub level, project cycle management services performed by UNDP Regional Hub are broadly analogous to General Management Support (GMS) and cover support to project development and oversight of implementation stages. The UNDP-GEF Unit will support the Regional Hub by providing a suite of specialized technical services as required by the GEF and detailed in Annex 2.

If the Implementing Partner requests UNDP to provide direct services specific to project inputs, then UNDP's costs must be recovered in full accordance with GEF-specific Bureau of Management Services (BMS) policy on Direct Project Costs (DPCs). This GEF and Adaptation Fund specific policy is available in the POPP and is provided at [Annex 3](#) for your reference. In summary, to comply with BMS policy, UNDP will need to ensure for each project that: (a) a Letter of Agreement (LOA) between UNDP and the Implementing Partner has been entered into clearly documenting the services requested and the associated costs; and (b) the DPCs are within the Project Management Cost (PMC) component of the project budget. If direct project services are requested after the date of GEF CEO Endorsement, prior approval of any DPCs will be needed from the GEF Secretariat. An appropriate separation between project oversight and direct project support is required in accordance with the UNDP Internal Control Framework.

All GEF-funded projects must be audited in accordance with UNDP Financial Regulations and Rules and Audit policies, and an appropriate separation between project oversight and direct project support is required in accordance with the UNDP Internal Control Framework.

#### 4. GEF-specific project management requirements:

- Where possible, the inception workshop should be held within 3 months of project signature. To avoid any confusion during project implementation, we also recommend that the support activities to be undertaken by the Regional Hub, as listed in Annex 2, be confirmed at the inception workshop.
- The GEF Secretariat must be informed of any changes to the results framework of the project document. As such, should you wish to make any such changes to the project document and/or budget, please discuss this with the UNDP RTA, as minor changes may need to be reported to the GEF Secretariat and major changes will need prior approval.
- Projects will in general not be extended beyond the approved Project Document duration. On an exceptional basis, a project extension will need to be approved by the UNDP-GEF Executive Coordinator.
- As specified in the project document, a detailed annual project operational plan should be prepared by the Project Manager. It is strongly recommended that this plan for the first year of project implementation be reviewed at the inception workshop and subsequent years by the Project Board.
- All full-size and medium-sized projects are required to submit an annual **PIR** (Project Implementation Report). Template and detailed instructions will be provided on an annual basis by the RTA.
- As outlined in the 2010 [GEF Monitoring & Evaluation policy](#), full-size projects are required to undertake a **mid-term review and a terminal evaluation** with a corresponding management response. Medium-sized projects are required to undertake a terminal evaluation with a corresponding management response and a mid-term review is also recommended. Both mid-term reviews and terminal evaluations must be translated into English or they will not be accepted by the GEF. Terminal evaluations should also be included in the UNDP Regional Hub Evaluation Plan and should be posted to the UNDP Evaluation Resource Center when completed. The specific requirements are available at <http://erc.undp.org> and from the RTA.

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- All full-size projects must also complete the **GEF Focal Area Tracking Tool** twice during project implementation: before the mid-term review mission takes place and again before the terminal evaluation mission takes place. Medium sized projects must complete the GEF Focal Area Tracking Tool once during project implementation before the terminal evaluation mission takes place. The GEF Focal Area Tracking Tools must be completed by the project team and provided to the review/evaluation team before their review/evaluation mission. The GEF Focal Area Tracking Tools are available at [https://www.thegef.org/gef/tracking\\_tools](https://www.thegef.org/gef/tracking_tools) and from the RTA.
- The UNDP Regional Hub must also retain all project M&E documents for this project for up to **five years** after financial closure. These records must be shared with the evaluation teams of either UNDP or the GEF should an ex-post evaluation or impact evaluation take place after the project closure. The UNDP Regional Hub is also required to facilitate access to project sites during UNDP and GEF evaluations.
- Annex 2 includes a number of key UNDP-GEF management performance indicators that aim to improve the efficiency and effectiveness in the oversight and supervision services provided. Performance against these indicators will be monitored on an annual basis.
- In order to accord proper acknowledgement to the GEF for providing funding, full compliance is needed with the GEF's Communication and Visibility Guidelines (the "GEF Guidelines"). The GEF Guidelines can be accessed at: <https://www.thegef.org/gef/node/4373>. Full compliance is also required with UNDP's branding guidelines. The UNDP Brand Manual can be accessed via the UNDP Communications Toolkit: <https://intranet.undp.org/unit/pb/communicate/communicationstoolkit/Pages/default.aspx>

In concluding, I would like to assure you of the UNDP-GEF Unit's and my personal commitment to the successful implementation of the project. The RTA is at your disposal for advice and technical support. Should you have any concerns or questions, please do not hesitate to contact me.

Yours sincerely,



Adriana Dinu  
Executive Coordinator  
UNDP-Global Environmental Finance  
Sustainable Development Cluster  
Bureau for Policy and Programme Support

cc: Ms. Jessica Faieta, Assistant Administrator and Bureau Director, RBLAC  
Ms. Susan McDade, Deputy Regional Director, RBLAC  
Ms. Maribel Landau, Regional Programme Coordinator, RH LAC, Panama  
Ms. Midori Paxton, UNDP – GEF Senior Technical Advisor, New York, USA  
Ms. Matilde Mordt, Regional Team Leader, Sustainable Development and Resilience, RH LAC Panama  
Mr. Lyes Ferroukhi, UNDP-GEF Technical Specialist/Team Leader, RH LAC, Panama  
Mr. Andrew Bovarnick, UNDP-GEF Regional Technical Advisor, RH LAC, Panama

**Annex 1: CEO endorsement/approval**



**Naoko Ishii**  
CEO and Chairperson

January 10, 2017

Ms. Adriana Dinu  
GEF Executive Coordinator  
United Nations Development Programme  
One United Nations Plaza  
304 East 45th St., FF Bldg., 10th floor  
New York, NY 10017

Dr. David McCauley  
Vice President  
World Wildlife Fund, Inc. (WWF-US)  
1250 24th St., NW  
Washington, DC 20037-1193

Ms. Dinu and Dr. McCauley:

I am pleased to inform you that I have endorsed the full-sized project proposal detailed below:

|                    |   |
|--------------------|---|
| Decision Sought:   | CEO Endorsement of Sub-Project under a Program                                      |
| GEFSEC ID:         | 9179  |
| Agency(ies):       | UNDP and WWF-US   |
| Agency ID:         | 5665 (UNDP)   |
| Focal Area:        | Multi Focal Area  |
| Project Type:      | Full-sized Project  |
| Country(ies):      | Global  |
| Name of Project:   | Adaptive Management and Learning for the Commodities IAP                            |
| Parent Program:    | Global: Comm-IAP: Taking Deforestation Out of Commodity Supply Chains (IAP-PROGRAM) |
| GEF Project Grant: | \$3,978,441   |
| Agency Fee:        | \$358,060   |
| Funding Source:    | GEF Trust Fund  |

| Break-down:   |            | Financing Amount<br>(US\$) | Agency Fee<br>(US\$) | Total<br>(US\$)  |
|---------------|------------|----------------------------|----------------------|------------------|
| Agency        | Trust Fund |                            |                      |                  |
| WWF-US        | GEFTF      | 1,229,317                  | 110,639              | <b>1,339,956</b> |
| UNDP          | GEFTF      | 2,749,124                  | 247,421              | <b>2,996,545</b> |
| <b>Total:</b> |            | <b>3,978,441</b>           | <b>358,060</b>       | <b>4,336,501</b> |

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Ms. Dina and Dr. McCauley

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January 10, 2017

I am endorsing this project on the understanding that the GEF Agency will have its internal approval of the project no later than four months after the CEO endorsement.

This endorsement is subject to the comments made by the GEF Secretariat in the attached document. It is also based on the understanding that the project is in conformity with GEF focal areas strategies and in line with GEF policies and procedures.

Sincerely,



Naoko Ishii  
Chief Executive Officer and Chairperson

Attachment: GEFSEC Project Review Document  
Copy to: Country Operational Focal Point, GEF Agencies, STAP, Trustee

**Annex 2: UNDP Project Cycle Management Services**

| Stage   | Country Office <sup>1</sup>   | UNDP/GEF at regional and global level  |
|---|---|--|
| <b>Identification, Sourcing/Screening of Ideas, and Due Diligence</b> | Identify project ideas as part of country programme/CPAP and UNDAF/CCA.   | RTA role: <ul style="list-style-type: none"> <li>• Technical input to CCA/UNDAFs and CPAPs where appropriate.</li> <li>• Input on policy alignment between projects and programmes.</li> <li>• Provide information on substantive issues and specialized funding opportunities (SOFs).</li> <li>• Policy advisory services including identifying, accessing, combining and sequencing financing.</li> <li>• Verify potential eligibility of identified idea.</li> </ul>  |
|   | Assist proponent to formulate project idea / prepare project idea paper (e.g. GEF PIF/PPG), and ensuring it is aligned with country outcomes and UNDP Strategic Plan key results, and included in Country Office Integrated Work Plan in the ERBM Platform. | RTA role: <ul style="list-style-type: none"> <li>• Research and development.</li> <li>• Provide up-front guidance.</li> <li>• Sourcing of technical expertise.</li> <li>• Verification of technical reports and project conceptualization.</li> <li>• Guidance on SOF expectations and requirements.</li> <li>• Undertake pre-screening of potential environmental and social opportunities and risks.</li> <li>• Training and capacity building for the Environmental Officers at the Country Offices, as part of annual Regional Community of Practice meeting or during the RTA’s mission(s) in the country.</li> </ul> |
|   | <i>Appraisal:</i> <ul style="list-style-type: none"> <li>• Review and appraise project idea.</li> <li>• Undertake capacity assessments of implementing partner as per UNDP POPP.</li> <li>• Monitor project cycle milestones.</li> </ul>                    | RTA and PTA role <ul style="list-style-type: none"> <li>• Provide detailed screening against technical, financial, and risk criteria.</li> <li>• Determine likely eligibility against identified SOF.</li> </ul>   |
|   | <i>Partners:</i> <ul style="list-style-type: none"> <li>• Assist proponent to identify and negotiate with relevant partners, cofinanciers, etc</li> </ul>   | RTA role: <ul style="list-style-type: none"> <li>• Assist in identifying technical partners.</li> <li>• Validate partner technical abilities.</li> </ul>   |
|   | <i>Obtain clearances:</i> <ul style="list-style-type: none"> <li>• Government, UNDP, Implementing Partner, LPAC, cofinanciers, etc.</li> </ul>  | RTA and PTA role: <ul style="list-style-type: none"> <li>• Obtain SOF clearances.</li> </ul>   |
| <b>Project Development</b>  | <i>Initiation Plan:</i> <ul style="list-style-type: none"> <li>• Coordination, management and financial oversight of UNDP Initiation Plan</li> <li>• Discuss management arrangements</li> </ul>   | RTA and PA role: <ul style="list-style-type: none"> <li>• Assist in preparation of UNDP Initiation Plan</li> <li>• Technical support, backstopping and troubleshooting.</li> <li>• Support discussions on management arrangements</li> <li>• Facilitate issuance of DOA</li> </ul>   |

<sup>1</sup> As per UNDP POPP with additional SOF requirements where relevant.

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| Stage  | Country Office <sup>1</sup>   | UNDP/GEF at regional and global level  |
|--|---|--|
|  | <p><i>Project Document:</i></p> <ul style="list-style-type: none"> <li>• Support project development, assist proponent to identify and negotiate with relevant partners, cofinanciers, etc.</li> <li>• Undertake environmental and social screening of project before PAC. Ensure Social and Environmental Screening Procedure (SESP) documentation is signed by the Resident Representative or Chair of PAC meeting and attached as Annex to the Project Document.</li> <li>• Review, appraise, and finalize Project Document.</li> <li>• Negotiate and obtain clearances and signatures – Government, UNDP, Implementing Partner, cofinanciers, etc. Coordinate LPAC and document meeting decisions.</li> <li>• Respond to information requests, arrange revisions etc.</li> <li>• Prepare operational and financial reports on development stage as needed.</li> </ul> | <p>RTA role:<br/>Sourcing of technical expertise.</p> <ul style="list-style-type: none"> <li>• Verification of technical reports and project conceptualization.</li> <li>• Guidance on SOF expectations and requirements.</li> <li>• Negotiate and obtain clearances by SOF</li> <li>• Respond to information requests, arrange revisions etc.</li> <li>• Quality assurance and due diligence.</li> </ul>                        |
| <p><i>Key UNDP/GEF management performance indicators/targets for Project Development:</i></p> <ol style="list-style-type: none"> <li>1. Time between PIF approval to CEO endorsement for each project: <ul style="list-style-type: none"> <li>• Target for GEF trust fund, LDCF, and SCCF projects: FSP = <b>16 months or less, MSP 10 months or less.</b></li> </ul> </li> <li>2. Time between CEO endorsement to project document signature: <ul style="list-style-type: none"> <li>• Target = 2 months or less</li> </ul> </li> </ol> |   |  |
| <p><b>Project Oversight</b></p>  | <p><i>Management Oversight and support</i></p>  | <p><i>Technical and SOF Oversight and support</i></p>  |
|  | <p><i>Project Launch/Inception Workshop</i></p> <ul style="list-style-type: none"> <li>• Preparation and coordination.</li> <li>• Participate in Inception Workshop</li> </ul>  | <p>RTA role:</p> <ul style="list-style-type: none"> <li>• Technical support in preparing TOR and verifying expertise for technical positions.</li> <li>• Participate in recruitment process for Chief Technical Advisor and/or Project Manager, if RTA elects to do so.</li> <li>• Verification of technical validity / match with SOF expectations of inception report.</li> <li>• Participate in Inception Workshop</li> </ul> |
|  | <p><i>Management arrangements:</i></p> <ul style="list-style-type: none"> <li>• Facilitate consolidation of the Project Management Unit, where relevant.</li> <li>• Facilitate and support Project Board meetings as outlined in project document and agreed with UNDP RTA.</li> <li>• Provide project assurance role if specified in project document.</li> <li>• Ensure completion of timesheets as required.</li> </ul>  | <p>RTA role:</p> <ul style="list-style-type: none"> <li>• Technical input and support to TOR development. Troubleshooting support.</li> <li>• Support in sourcing of potentially suitable candidates and subsequent review of CVs/recruitment process.</li> </ul>  |
|  | <p><i>Annual Work Plan:</i></p> <ul style="list-style-type: none"> <li>• Issuance of AWP.</li> <li>• Monitor implementation of the annual work plan and timetable.</li> </ul>   | <p>RTA and PA role:</p> <ul style="list-style-type: none"> <li>• Advisory services as required</li> <li>• Review AWP, and clear for ASL where relevant.</li> </ul>   |

United Nations Development Programme

| Stage | Country Office <sup>1</sup>  | UNDP/GEF at regional and global level  |
|-------|--|--|
|       | <p><i>Financial management:</i></p> <ul style="list-style-type: none"> <li>• Conduct budget revisions, verify expenditures, advance funds, issue combined delivery reports, and ensure no over-expenditure of budget.</li> <li>• Ensure necessary audits.</li> </ul>   | <p>RTA, PA and Finance Unit roles:</p> <ul style="list-style-type: none"> <li>• Allocation of ASLs, based on cleared AWP</li> <li>• Return of unspent funds to donor</li> <li>• Monitor projects to ensure activities funded by donor comply with agreements and project document</li> <li>• Oversight and monitoring to ensure financial transparency and clear reporting to the donor</li> </ul> |
|       | <p><i>Results Management:</i></p> <ul style="list-style-type: none"> <li>• Alignment: link project output to CPAP Outcome in project tree in Atlas, link CPAP outcome in project tree to UNDP Strategic Key Result Area as outlined in project document during UNDP work planning Gender: In ATLAS, rate each output on a scale of 0-3 for gender relevance.</li> <li>• UNDP monitoring requirements: Monitor progress on quarterly basis in IWP, and monitor risks in Atlas.</li> <li>• Submit annual APR/PIR report.</li> <li>• Arrange mid-term review: prepare TOR, hire personnel, plan and facilitate mission / meetings / debriefing, circulate draft and final reports.</li> <li>• Submit GEF Focal Area Tracking Tool completed by Project Team to mid-term review team.</li> <li>• Ensure tracking of committed and actual co financing as part of mid-term review.</li> <li>• Ensure translation of mid-term review into English.</li> <li>• Prepare management response to mid-term review.</li> <li>• Annual site visits – at least one site visit per year, report to be circulated no later than 2 weeks after visit completion.</li> </ul> | <p>RTA role:</p> <ul style="list-style-type: none"> <li>• Advisory services as required.</li> <li>• Quality assurance.</li> <li>• Project visits – technical support visit during life of Project as required.</li> </ul>  |



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| Stage   | Country Office <sup>1</sup>  | UNDP/GEF at regional and global level   |
|---|--|---|
|   | <p><i>Evaluation:</i></p> <ul style="list-style-type: none"> <li>• Integrate project terminal evaluation into CO evaluation plan. Identify synergies with country outcome evaluations.</li> <li>• Arrange terminal evaluation: prepare TOR, hire personnel, plan and facilitate mission / meetings / debriefing, circulate draft and final reports.</li> <li>• Submit GEF Focal Area Tracking Tool completed by Project Team to evaluation team.</li> <li>• Ensure tracking of committed and actual co financing as part of terminal evaluation.</li> <li>• Ensure translation of terminal evaluation into English.</li> <li>• Prepare management response to terminal evaluation and post both terminal evaluation report and management response in UNDP ERC.</li> <li>• Facilitate and participate in other UNDP and GEF evaluations as necessary.</li> </ul> | <p>RTA, PA, RKS roles:</p> <ul style="list-style-type: none"> <li>• Technical support and analysis.</li> <li>• Quality assurance.</li> <li>• Compilation of lessons and consolidation of learning.</li> <li>• Dissemination of technical findings.</li> <li>• Participate as necessary in other SOF evaluations.</li> </ul> |
|   | <p><i>Project Closure:</i></p> <ul style="list-style-type: none"> <li>• Final budget revision and financial closure (within 12 months after operational completion).</li> <li>• Final reports as required by donor and/or UNDP-GEF.</li> </ul>   | <p>RTA, PA role:</p> <ul style="list-style-type: none"> <li>• Advisory services as required.</li> <li>• Technical input.</li> <li>• Quality assurance.</li> </ul>   |
| <p><i>Key UNDP GEF management performance indicators/targets for Project Oversight:</i></p> <ol style="list-style-type: none"> <li>1. Each project aligned with country outcomes and UNDP Strategic Plan key results, and included in Country Office Integrated Work Plan in the ERBM: <ul style="list-style-type: none"> <li>• Target = 100%</li> </ul> </li> <li>2. Quality rating of annual APR/PIRs: Once completed and submitted, the quality of each project APR/PIR is rated by an external reviewer <ul style="list-style-type: none"> <li>• Target = Rating of Satisfactory or above</li> </ul> </li> <li>3. Quality rating of Terminal Evaluation report: Once completed, the quality of the terminal evaluation report is rated by the UNDP Evaluation Office <ul style="list-style-type: none"> <li>• Target = Rating of Satisfactory or above</li> </ul> </li> <li>4. Quality of results achieved by project as noted in terminal evaluation: the independent evaluator assigns an overall rating to the outcome achieved by the project and this rating is validated by the UNDP Evaluation Office <ul style="list-style-type: none"> <li>• Target = Satisfactory or above</li> </ul> </li> </ol> |  |   |

### Annex 3: Direct Project Costs for projects financed from GEF-managed vertical funds and the Adaptation Fund

1. The GEF Council and the Adaptation Fund Board have both adopted rules and issued guidance on when and how Direct Project Costs may be recovered for projects financed by the GEF Trust Fund, the Least Developed Countries Fund, the Special Climate Change Fund, the Nagoya Protocol Implementation Fund or the Adaptation Fund.<sup>2</sup>
2. For any projects financed by these funds and approved on or after 7 June 2012, UNDP must observe the following requirements:
  - a. The costs of any project cycle management services provided by UNDP must be paid exclusively from the fees paid to UNDP and not from the project budget. Project cycle management services are the quality assurance and oversight services involved with project identification, preparation of project concept, preparation of detailed project document, project approval and start-up, project implementation and supervision, and project completion and evaluation.<sup>3</sup> ‘Development Effectiveness’ costs are therefore not eligible for recovery from a project budget;
  - b. Direct Project Costs – which will include the costs of any activities over and above the project cycle management services for which UNDP receives a fee – may only be charged to the project budget upon the specific request of, and agreement with, the Implementing Partner. These costs are not mandatory, and according to the GEF Secretariat and Adaptation Fund Board these costs should not be considered routine or normal, but instead provided only on an exceptional basis.
  - c. For any NIM or NGO implemented project, any Implementing Partner request for services incurring Direct Project Costs must be clearly documented and agreed in a **Letter of Agreement (LOA)** between the Implementing Partner and UNDP, outlining the services to be provided and their itemized costs. For the Adaptation Fund, further documentation (in a separate letter or in the project document) is also needed from the Implementing Partner to UNDP outlining why the services are needed and justifying the exceptional basis for the request.;
  - d. The costs of any anticipated or known Direct Project Costs need to be clearly documented in the Project Information Form (PIF for GEF projects) or project concept or proposal (for Adaptation Fund projects) submitted for approval. Any DPCs requested by an Implementing Partner **after** GEF CEO endorsement or AFB approval need to be submitted to the GEF Secretariat or Adaptation Fund Board Secretariat, as appropriate;
  - e. Direct Project Costs must be within the Project Management Cost/Executions Costs Budget provided to Implementing Partners under GEF and Adaptation Fund projects<sup>4</sup>; and
  - f. Eligible Direct Project Costs should not be charged as a flat percentage. They should be calculated on the basis of estimated actual or transaction based costs and should be charged to the direct project costs account codes: “64398- Direct Project Costs – Staff” and “74598-Direct Project Costs – GOE”.

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<sup>2</sup> For the GEF Council, see paragraphs 32 and 33 of the 42<sup>nd</sup> Council Meeting Joint Summary of the Chairs regarding the paper, *Fee Structure for Agencies, Part I and Part II* (GEF/C.42/09, June 2012). For the Adaptation Fund Board, see Decision B.18/30 concerning *Implementing Entity Fees* as provided in the Report of the Eighteenth Meeting of the Adaptation Fund Board (AFB/B.18/6, August 2012).

<sup>3</sup> For the GEF, these services are defined in GEF Council paper, *Rules and Guidelines for Agency Fees and Project Management Costs* (GEF/C.39/9).

<sup>4</sup> Project Management Costs (PMCs) represent the Implementing Partner’s management costs associated with the unit executing the project on the ground and are included in the project budget. For GEF projects, the GEF Secretariat currently adopts the following approach: PMC shall not exceed 10% of GEF project grant for projects requesting GEF project grants up to \$2 million, and shall not exceed 5% of the GEF project grant for projects requesting GEF project grants of \$2 million and above. In principle, no PMC will be provided for DIM projects without justification. In exceptional cases where the PMC exceeds the fixed percentage amounts, a justification should be provided on the additional budget needed for the PMC.