



## **GUIDANCE ON PROCESSING OF GAFSP-FUNDED PROJECTS BY SELECTED SUPERVISING ENTITIES**

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## Acronyms and Abbreviations

AF	Additional Financing
CSO	Civil Society Organization
COVID-19	Corona virus disease 2019
CU	Coordination Unit
DO	Development objective
FCV	Fragile, Conflict, Violence
FTR	Fund Transfer Request
GAFSP	Global Agriculture and Food Security Program
IE	Impact Evaluation
LoC	Letter of Commitment
M&E	Monitoring and Evaluation
MMI	Missing Middle Initiative
PIU	Project Implementation Unit
PO	Producer Organization
PPG	Project Preparation Grant
RE	Recipient-Executed
RETF	Recipient Executed Trust Fund
SC	Steering Committee
SE	Supervising Entity
TAC	Technical Advisory Committee

## A. Approval of Country Proposal by the Steering Committee (SC)<sup>1</sup>

Steps/Actions Required	Responsible Entity
<b>A.1.</b> In response to a Call for Proposals, eligible countries submit proposals for GAFSP funding to the Steering Committee (SC) through the Coordination Unit (CU).	Country
<b>A.2.</b> Proposal package includes the nomination of the preferred Supervising Entity/ies (SE)	Country In consultation with SE
<b>A.3.</b> The CU reviews proposals for completeness and submits them to the independent Technical Advisory Committee (TAC) for review.	Coordination Unit
<b>A.4.</b> The TAC reviews proposals against the criteria outlined in the Country Guidelines and submits their recommendations to the SC for consideration.	Technical Advisory Committee
<b>A.5.</b> The SC reviews all proposals and the recommendations from the TAC and decides on proposals to be funded, the total grant amount to be allocated and the responsible SE.	Steering Committee
<b>A.6.</b> Upon approval of a country's proposal by the SC, the CU informs the country and the selected Supervising Entity/ies (SE) of the SC decision.	Coordination Unit
<b>A.7.</b> The Trustee sets aside the SC approved grant amounts for each SE <sup>2</sup> .	Trustee

## B. Approval and Transfer of Supervising Entity (SE) Administrative Fees

Steps/Actions Required	Responsible Entity
<b>B.1.</b> The SE submits to the CU for SC approval, a detailed budget for project preparation, supervision and completion reporting, and any related administrative fees (collectively "Administrative Fee") to cover SE overheads for the full duration of the project.	Supervising Entities

<sup>1</sup> Sections A to I of these guidelines apply to the regular Public Sector Window portfolio whereas section I on Additional Funding (AF) also covers the Missing Middle Initiative (MMI) pilot projects.

<sup>2</sup> The Trustee has signed a Transfer Agreement with every Supervising Entity to govern all financial transactions with that Supervising Entity.

<p>a. If the Administrative Fee is 5%<sup>3</sup> or less of the grant amount, the CU is authorized to approve the Fee on behalf of the SC, and the Fee is submitted to the SC for information only.</p> <p>b. If the Administrative Fee is more than 5% of the grant amount, it will require exceptional approval from the SC. The Administrative Fee request will be submitted to the SC for approval on a five-day no-objection basis.</p> <p><b>Note 1:</b> For proposals with more than one assigned SE, the SEs, in collaboration with the Government counterpart, should decide on the portion of the grant to be implemented through each SE. This allocation of the grant funding between SEs should be communicated to the CU and Trustee, prior to the SEs request for administrative fees.</p> <p><b>Note 2:</b> The partner SE should be copied on administrative fee requests submitted to the CU for projects with multiple SEs.</p>	<p>Coordination Unit</p> <p>Steering Committee</p>
<p><b>B.2.</b> The CU informs the Trustee and the relevant SE of the SC's approval of the Administrative Fee.</p>	<p>Coordination Unit</p>
<p><b>B.3.</b> The Trustee commits the approved amount to the SE and issues a Letter of Commitment (LoC).</p>	<p>Trustee</p>
<p><b>B.4.</b> The SE may submit to the Trustee, a Fund Transfer Request (FTR) for the transfer of the total Administrative Fee approved by the SC.</p>	<p>Supervising Entity</p>
<p><b>B.5.</b> The Trustee validates the FTR and transfers the requested funds to the SE.</p>	<p>Trustee</p>
<p><b>B.6.</b> SEs are not required to provide financial reporting on the use of Administrative Fees. Any undisbursed balances of Administrative Fees at project closing do not need to be returned by the SE to the Trustee, but can be redeployed to support ongoing or future GAFSP projects supervised by the respective SE.</p>	<p>Supervising Entity</p>

<sup>3</sup> For those grants approved under the 2019 Special Call for Proposals targeting FCV countries, the SC approved Administrative Fee ceiling is 8% of the grant amount. Administrative Fee requests up to 8% are approved by the CU. Fee requests above 8% require exceptional SC approval.

### C. Approval and Transfer of Project Preparation Grant (PPG) (if applicable)

Steps/Actions Required	Responsible Entity
<p><b>C.1.</b> A recipient country may include in its proposal submitted in response to a Call for Proposals, a request for a Project Preparation Grant (PPG) to be used to assist the country in the detailed design of a project under the GAFSP Public Sector Window. The PPG is approved by the GAFSP SC as part of the overall grant to the country.</p>	Country
<p><b>C.2.</b> If the approved proposal included a PPG request, following consultations with the Government, the SE<sup>4</sup> confirms to the CU and Trustee the country's wish to use the PPG and the exact amount<sup>5</sup> before the funds are committed.</p> <p><b>Note 1.</b> <i>The PPG amount is taken out of the total grant amount allocated to the country. If the country chooses not to utilize the PPG, then the funds will be retained as part of the project grant amount.</i></p> <p><b>Note 2.</b> <i>The PPG must be used within 18 months from the date of SC approval and can be used <b>solely by the recipient country</b> for their project preparation activities. The PPG cannot be used for SE costs that are expected to be covered by the Administrative fee. Any PPG funds that have not been disbursed after 18 months <u>must be returned to the GAFSP Trustee and cannot be reassigned to be used with the remaining grant funds for implementation.</u></i></p>	Supervising Entity/ Country
<p><b>C.3.</b> The Trustee commits the requested PPG amount.</p>	Trustee
<p><b>C.4.</b> The PPG should be processed following the selected SE's policies and procedures.</p>	Supervising Entity / Country
<p><b>C.5.</b> The SE may submit to the Trustee an FTR for the transfer of the total PPG approved by the SC.</p>	Supervising Entity
<p><b>C.6.</b> The Trustee validates the FTR and transfers the funds requested to the SE.</p>	Trustee
<p><b>C.7.</b> The SE transfers the PPG to the country and supervises the implementation of the Grant to support the preparation of the Project in line with the SE's policies and procedures.<sup>6</sup></p>	Supervising Entity

<sup>4</sup> For projects with more than one SE, the PPG should be channeled through the investment SE.

<sup>5</sup> The maximum Project Preparation Grant amount is \$500,000

<sup>6</sup> Under exceptional circumstances, advance approval may be sought for the SE to execute the PPG on behalf of the countries.

<p><b>Note:</b> The PPG is to be used strictly for project preparation <i>by the country</i>, i.e., funds are passed to and used by the recipient, with the role of the SE limited to supervising/supporting implementation of activities supported by these funds. SE expenses associated with the preparation of the GAFSP project should be covered from the SE Administrative Fee.</p>	
<p><b>C.8.</b> A brief report on the use of and outputs financed by the PPG, and a final account of the use of funds should be submitted by the SE to the CU and Trustee, no later than 19 months after SC approval of the preparation grant. The CU will share these reports with the SC for information.</p>	Supervising Entity
<p><b>C.9.</b> If any funds remain unused, the Trustee will submit a refund request to the SE for the return of funds.</p>	Trustee
<p><b>C.10.</b> The SE must return any funds remaining to the Trustee upon receipt of the refund request.</p>	Supervising Entity

**D. Request and Transfer of Impact Evaluation (IE) Budget (if applicable)**

Steps/Actions Required	Responsible Entity
<p><b>D.1.</b> To request funding for an in-depth IE, the SE must submit to the CU for SC approval an IE proposal and budget.</p> <p><b>Note.</b> GAFSP provides funding, on a case by case basis, for rigorous in-depth impact evaluations<sup>7</sup> (IE) (e.g., those using experimental or quasi-experimental designs) for around a third of GAFSP-funded projects. SEs interested in requesting funds for an in-depth IE are advised to contact the CU prior to preparing the IE proposal and budget.</p>	Supervising Entities
<p><b>D.2.</b> The IE proposal and budget will be submitted to the SC by the CU for approval on a five day no-objection basis<sup>8</sup>.</p>	Coordination Unit
<p><b>D.3.</b> The CU will communicate any SC questions or comments on the IE proposal to the relevant SE for their response. Any objections to the IE proposal will be communicated to the SC and the relevant SE.</p>	Coordination Unit/ Supervising Entity

<sup>7</sup> Please see GAFSP M&E Plan for full information on qualifying IEs.

<sup>8</sup> It is recommended to send draft documents in advance for informal CU review and guidance, prior to formal submission for SC review/approval.

<b>D.4.</b> The CU informs the Trustee and the relevant SE of the SC's approval of the IE proposal and budget, at the conclusion of the review period and with no objection received.	Coordination Unit
<b>D.5.</b> The Trustee commits the approved amount to the SE and issues a LoC.	Trustee
<b>D.6.</b> The SE may submit to the Trustee an FTR for the transfer of the total IE budget approved by the SC.	Supervising Entity
<b>D.7.</b> The Trustee validates the Fund Transfer Request and transfers the requested funds to the SE.	Trustee
<b>D.8.</b> The SE is required to report to the SC about progress on the IE and use of its funds through the GAFSP 6-monthly reporting exercise (as of June 30 and December 31 of each year) <sup>9</sup> .	Supervising Entity

## E. Project Preparation by the Supervising Entity (SE)

<b>Steps/Actions Required</b>	<b>Responsible Entity</b>
<p><b>E.1.</b> Project preparation, implementation, and supervision (implementation support) will be governed by the relevant policies and procedures of the selected SE. The following <u>additional guidelines</u> apply:</p> <p>a. Funds approved for investment activities are to be used strictly for Recipient-Executed (RE) activities, i.e., funds are passed on to the recipient, with the role of the SE limited to appraisal and implementation support of activities supported by these funds.</p> <p>b. The project design should be in line with the proposal approved by the SC and take into account any comments and recommendations from the Technical Advisory Committee (TAC) and any further guidance contained in the notification of approval letter.</p> <p>c. In addition, for proposals approved in 2019 under the <u>Special Call targeting FCV countries</u>, consideration should be given to the following during project preparation:</p> <ul style="list-style-type: none"> <li>i) a clear identification of the causes or “drivers” of fragility that are being addressed;</li> <li>(ii) a thorough risk analysis with mitigation measures, including evidence of using a “do no harm” approach in designing activities;</li> </ul>	Supervising Entity

<sup>9</sup> Refer to section H. Progress Reporting by the Supervising Entity.

<p>(iii) a detailed analysis and actions for gender transformative development with clear gender equality outcomes and budget allocations, and</p> <p>(iv) the identification of capacity development activities based on completed institutional analyses and needs assessments</p> <p>d. Also for <u>proposals approved under the 2019 Special Call</u>, a new dedicated Advisory Services program within the GAFSP IFC-managed Private Sector Window has been made available to all projects. This is to explore options for support to eligible private sector entities located in countries that receive GAFSP funds, in association with the approved Public Sector Window project. In this regard, the International Finance Corporation (IFC) GAFSP team <sup>10</sup>can be contacted for further details.</p> <p>e. For all projects, GAFSP is designed to facilitate country-led investment plans that are inclusive, with the participation of all relevant stakeholders. The engagement of Civil society Organizations (CSOs), especially that of producer organizations (POs), is a core element of GAFSP from project design through implementation and will be a key evaluation point for final project approval.</p> <p>f. For all projects, the project Monitoring and Evaluation (M&amp;E) framework should follow guidelines found in the GAFSP <a href="#">M&amp;E Plan 2017</a>, also available on the GAFSP web site (<a href="http://www.gafspfund.org">www.gafspfund.org</a>) M&amp;E page.</p> <p>g. Teams may also refer to the stand-alone “<a href="#">M&amp;E Toolkit</a>” for GAFSP Public Sector Window Projects (Annex 2 of the revised GAFSP M&amp;E Plan 2017).</p> <p>h. Any <i>major changes</i> during preparation of the project to the proposal approved by the SC (e.g., to the objectives, scope, components, and major activities to be funded under those components) must be sent to the CU with the appropriate justification for review and five-day no-objection approval by the SC, prior to moving forward with appraisal and finalization of project documentation. The SE is advised to submit major changes to the project design to the for SC approval prior to finalizing project preparation with the recipient to ensure any SC feedback or objections can still be taken into account in the project design.</p>	
<p><b>E.2. Grant allocation by SE:</b> For those projects with two SEs, the SEs are requested to confirm to the GAFSP CU the allocation of the approved grant amount between the two SEs as agreed with the Government as early as possible (refer also to point B.1. above).</p>	
<p><b>E.3. Optional:</b> It is suggested that the SE share the project concept note (or equivalent initial draft project document) with the CU once developed, for an informal due diligence review to ensure alignment with point E.1. above and for feedback on the proposed project results framework, before the</p>	Supervising Entity/ Coordination Unit

<sup>10</sup> IFC GAFSP Team contacts are Niraj Shah ([NShah1@ifc.org](mailto:NShah1@ifc.org)) and Bheeshm Chaudhary ([Bchaudhary@ifc.org](mailto:Bchaudhary@ifc.org))



project is fully developed and presented to SC for their final approval in order to facilitate a smooth formal review process.	
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## F. Final Project Approval by the Steering Committee (SC)

Steps/Actions Required	Responsible Entity
<p><b>F.1.</b> Prior to the final approval of the project by the relevant approving body within the SE (and prior to negotiations), the SE submits the completed draft project document (e.g., project appraisal document or equivalent) to the CU for SC approval on a five-day no-objection basis to ensure that the conditions under E.1. above have been met.</p> <p><b>Note:</b> When a country is awarded a GAFSP grant to be supervised by two SEs, one focused on technical assistance, and one focused on investment, then the two SEs should aim to submit a joint project document, or aim to coordinate and submit their respective draft project documents to the CU for review by the SC at the same time.</p>	Supervising Entity/ Coordination Unit
<p><b>F.2.</b> The SE GAFSP focal point is responsible for sending the near-final project document<sup>11</sup> to the CU. The CU will conduct a due diligence review of the project document to ensure that the conditions under F1 above are met. The CU's due diligence review will be included in the communication to the SC for the approval of the final draft project document. <u>The SE should allow about 2 to 3 weeks for the overall process, including CU review and SC approval.</u></p>	
<p><b>F.3.</b> During the SC review period, the CU will communicate any comments from the SC on the project document to the relevant SE for their response. Any objections by an SC member to the project document will be communicated to the whole SC and the relevant SE.</p>	Coordination Unit/ Supervising Entity
<p><b>F.4.</b> Following SC approval, the CU will confirm approval in writing. The Trustee commits the approved amount to the SE and issues a LoC.</p>	CU/Trustee
<p><b>F.5.</b> Following approval of the Project by the relevant approving body within the SE, the SE notifies the Trustee and the CU of that approval.</p>	Supervising Entity
<p><b>F.6.</b> The SE may now submit a FTR to the Trustee based on the projected cash requirements for the project for the first 12-month period.</p>	Supervising Entity

<sup>11</sup> The project document can be at or near the time of appraisal and should be shared for SC approval prior to moving forward internally for Negotiations and final SE approval.

<b>F.7.</b> The Trustee validates the FTR and transfers the funds requested to the SE.	Trustee
<b>F.8.</b> The SE submits an FTR on an annual basis (or more frequently if required) based on the disbursement needs of the relevant projects for that year.	Supervising Entity

## G. Project Extension, Restructuring or Suspension

<b>Steps/Actions Required</b>	<b>Responsible Entity</b>
<p><b>G.1.</b> Changes to the project (e.g., budget, safeguards, development objective (DO), project design) during implementation, or extension of the project closing date are subject to the following GAFSP approvals, <u>prior to completion of internal SE approval processes for the restructuring or extension</u>:</p> <ul style="list-style-type: none"> <li>a. Minor changes to the project design, minor reallocation of funds between components, or cumulative extension of the project closing date for less than two years must be submitted to the CU for information. The communication to the CU should include details of the changes being made and justification for the changes. These changes will periodically be communicated to the SC for information.</li> <li>b. Changes to the project development objectives or to the project safeguards category, major reallocations of project costs to new activities or other components, and cumulative extensions of the project closing date for more than two years <u>will require SC approval</u>. The SE should submit details of the proposed changes and justification for those changes, as well as a project restructuring document to the CU to obtain SC approval on a five-day no-objection basis.</li> </ul>	Supervising Entity
<b>G.2.</b> The CU will inform the SE of SC approval of the project extension or restructuring.	Coordination Unit
<b>G.3.</b> The SE is also required to inform the SC through the CU of a project suspension and lifting of such suspension, at the same time that the relevant Government is informed.	Supervising Entity

## H. Progress Reporting and Key Updates by the Supervising Entity (SE)

Steps/Actions Required	Responsible Entity
<p><b>H.1.</b> The SE is required to report to the SC, on project progress using the standardized CU-prepared GAFSP reporting template on a 6-monthly basis (data as of June 30 and December 31 of each year).</p> <p><b>Note:</b> For projects with two SEs, if a single joint project document was submitted for SC approval (refer to point F1 above) then only one progress update will be required covering the activities supervised by both SEs.</p>	Supervising Entity
<p><b>H.2.</b> The CU will notify the SEs in June and December each year of the deadline for submission of the progress update and provide the reporting template.</p>	Coordination Unit
<p><b>H.3.</b> Reporting to the Trustee will be in accordance with the conditions of the Transfer Agreement.</p>	Supervising Entity
<p><b>H.4.</b> The SE is required to notify the CU, regarding any change of the Task Team Leader (TTL) as soon as possible.</p>	Supervising Entity

## I. Completion Reporting by the Supervising Entity (SE)

Steps/Actions Required	Responsible Entity
<p><b>I.1.</b> As soon as possible following the closing date of the project<sup>12</sup>, the SE will submit a use of funds report to the Trustee.</p>	Supervising Entity
<p><b>I.2.</b> The Trustee will cancel any unused portion of the grant and will submit to the SE a refund request.</p>	Trustee
<p><b>I.3.</b> The SE must return any funds remaining to the Trustee upon receipt of the refund request.</p>	Supervising Entity
<p><b>I.4.</b> The SE must return any investment incomes to the Trustee during project implementation when requested by the Trustee and at the end of the project.</p>	Supervising Entity

<sup>12</sup> The project closing date is the date after which no more disbursements can be made by the SE from the GAFSP grant.

<p><b>I.5.</b> Within 6 months following the project closing date, the SE should submit to the SC via the CU a full project closing report. The closing report may be in the standard format used by the SE or using the closing report template provided by the CU on request.</p> <p><b>Note:</b> <i>If the GAFSP funding is part of a larger project that may not be completed at the time of the closing of the GAFSP grant, an interim completion report should be submitted within 6 months of the GAFSP grant closing date. The full project completion report should be submitted upon completion of the full project.</i></p>	<p>Supervising Entity</p>
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**J. Guidance for Processing COVID-19 Additional Funding Grants by the Supervising Entity (SE)**

<p><b>Steps/Actions Required</b></p>	<p><b>Responsible Entity</b></p>
<p><b><i>The below guidance applies only to the additional funding awarded in August and September 2020 to the GAFSP MMI Pilot Projects and Public Sector Window projects for COVID-19 response.</i></b></p>	
<p><b>J.1.</b> Appraisal and Approval: Additional Funding (AF) grants should be processed in collaboration with the project counterparts following the internal policies and procedures of the SE.</p> <ul style="list-style-type: none"> <li>a. Grants should be processed as additional financing to the ongoing GAFSP project for which these grants were approved and should not be stand-alone projects.</li> <li>b. In line with the objectives for the AF, the AF activities should address short to medium term COVID response and mitigation needs, and should be mostly implemented within 12 months of SE approval for the MMI AF grants and within 18 months of SE approval for the Public Sector Window AF grants.</li> <li>c. Feedback from the technical expert review of the approved proposal should be taken into account during appraisal of the AF. If there is a need for closing date extension beyond that already approved by the SC at the time of AF grant approval , such changes would require a separate extension of closing date request. See Section G of these Guidelines.</li> <li>d. The final draft additional financing/restructuring paper should be shared by the SE with the CU for review prior to internal SE approval of the AF. This CU review will serve to confirm that the final AF design is fully consistent with the original GAFSP AF objectives of addressing short-to-medium term impacts from COVID-19. Following this confirmation, the CU will share the project documents with the SC for their information and reference.</li> </ul>	<p>Supervising Entity</p>

<p>e. The SE is requested to share the final AF document with the CU for information upon internal SE approval of the AF.</p>	
<p><b>J.2. Administrative Fees.</b> Additional SE Administrative Fees were approved by the SC at the time the additional funding grants were approved. SEs may submit an FTR to the Trustee to request the transfer of the full administrative fee amount.</p> <p><i><b>Note:</b> The additional Administrative Fees should cover the costs for preparation, implementation support and completion reporting for the AF grant, as well as any associated SE fees. There is no possibility for SEs to request additional Administrative Fees.</i></p>	<p>Supervising Entity</p>
<p><b>J.3. Fund Transfer:</b> Once the AF is approved by the SE, a fund transfer request, including confirmation of SE approval, may be submitted to the Trustee to request the transfer of the full grant amount.</p>	<p>Supervising Entity / Trustee</p>
<p><b>J.4. Progress Reporting and Completion Reporting:</b> Progress and completion reporting for the AF grants will follow the procedures laid out respectively under sections H and I of these guidelines.</p> <ul style="list-style-type: none"> <li>a. The AF will be included in the regular Six-monthly reporting template of the original project.</li> <li>b. SEs will be requested to report disaggregated disbursement data for the AF grant and the original GAFSP grant.</li> <li>c. Only one completion report will be required covering the original GAFSP grant and the additional financing upon completion of the full project.</li> </ul>	<p>Supervising Entity</p>
<p><b>J.5. Project Extension, Restructuring or Suspension.</b> Procedures for extension, restructuring or suspension will remain as outlined under section G of these Guidelines.</p>	