



Global Environment Facility

GEF/ME/C.24/2
October 15, 2004

GEF Council
November 17-19, 2004

Agenda Item 6 (b)

ACTION PLAN TO RESPOND TO THE RECOMMENDATIONS OF THE 2003 PROJECT PERFORMANCE REPORT

**(Prepared by the GEF Secretariat, Implementing Agencies and
the Office of Monitoring and Evaluation)**

Recommended Council Decision

The Council, having reviewed document GEF/ME/C.24/2, *Action Plan to Respond to the Recommendation of the 2003 Project Performance Report*, approves the Plan, subject to comments made at the meeting.

The Council requests that the Secretariat and the Office of M&E, in ~~collaboration and in consultation~~collaboration with the Implementing Agencies, implement the plan and report to

Executive Summary

~~1~~This report is an Action Plan prepared by the GEF Secretariat and the GEF Office of Monitoring and Evaluation, in consultation with the Implementing Agencies, to respond to the recommendations of the GEF Project Performance Report 2003.

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The Project Performance Report 2003 made five major recommendations:

~~13~~(a) The Office of M&E will conduct further analysis of the trends in approved commitments and project disbursements together with the analysis of “elapsed time” between project allocation and start of implementation.

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~~17~~(b) The Office of M&E will form a working group, which will include representatives of the Implementing Agencies and the GEF Secretariat, to develop and adopt clearer guidelines and to identify best practices in rating project results.

~~21~~(c) In consultation with the GEF Secretariat and the Implementing Agencies, the Office of M&E will develop a methodology and framework for a better assessment of sustainability.

(d) The GEF Secretariat should develop specific guidelines for replication strategies in each focal area.

(e) UNDP and UNEP should also carry out an assessment of the M&E systems in their GEF projects similar to the one carried out by the World Bank and devise a plan to address the weaknesses identified in each project.

This action plan details activities underway and/or being planned, in the Office of the M&E, the Secretariat, and the Agencies against a timetable over the next two fiscal years. In addition, the Office of M&E in coordination with the Implementing Agencies and the GEF Secretariat will carry out a study to identify steps that might be taken to address issues related to project design complexity and overambitious project objectives.

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INTRODUCTION

1. This report is an Action Plan prepared by the GEF Secretariat and the GEF Office of Monitoring and Evaluation,¹ in consultation with the Implementing Agencies, to respond to the recommendations of the GEF Project Performance Report 2003.
2. The GEF Project Performance Report (PPR) 2003 (GEF/C.23/inf.5) was submitted by the GEF Monitoring and Evaluation Unit to the May 2003 Council meeting. The PPR draws on the findings of the Project Implementation Review (PIR), the Specially Managed Project Reviews (SMPRs) and Terminal Evaluations Reviews (TERs). The PIR is a monitoring process based upon reporting by the GEF Implementing Agencies (IAs) on 336 projects that were completed in 2003 or that were ongoing and have been under implementation for at least one year.
3. The findings and recommendations presented in the PPR 2003 were developed through a process of consultation facilitated by the GEF M&E Unit with full participation of the Focal Area Task Forces and the GEF Secretariat.

Findings of the Project Performance Report 2003

4. In order to facilitate the discussion of the action points, the findings for the 2003 PPR are recapitulated below.

~~4.5.~~ The Project Performance Report 2003 focused on three key Monitoring and Evaluation review criteria: sustainability, replication and monitoring and evaluation. The report also examined the issues of project complexity and overly ambitious objectives as negatively impacting project performance.

Time elapsed from allocation of GEF funds to project implementation

~~5.6.~~ In spite of concerted efforts by the Implementing Agencies to reduce the elapsed time from allocation of GEF funds to implementation, elapsed time increased for all three Implementing Agencies in 2003.

Consistency of Project Ratings

~~6.7.~~ The PPR found that there is a need for more consistent rating across the Implementing Agencies to avoid over-rating of project performance in the Project Implementation Review (PIR). In particular, the definitions of “highly satisfactory” or “satisfactory” are not consistently applied across all three Implementing Agencies. Furthermore, there are inherent problems in reconciling the rating practice to the differences in project circumstances and the context in which the project is implemented.

¹ With the appointment of the new Director, beginning September 2004, the GEF M&E Unit is renamed GEF Office of Monitoring and Evaluation to denote its independent status.

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Sustainability

~~7.8.~~ Sustainability refers to the likelihood that project benefits (outcomes and impacts) will continue, within or outside the project domain, after GEF assistance has come to an end. The PPR found that ensuring and contributing to sustainability of project benefits remains a challenge for GEF projects.

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Replication.

~~8.9.~~ The PPR found that the concept of replication is still unclear. Generally, the development of replication strategies is often overlooked during project design and implementation. Evidence indicates that including replication strategies in project design, where relevant, increases the replication potential.

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Quality of M&E systems in projects

~~9.10.~~ An important criterion in reviewing projects is the quality of monitoring and evaluation (M&E) systems. The PPR found that some progress has been made in establishment of M&E systems, although there are still several gaps and weaknesses in parts of the portfolio. Newer projects demonstrate an improvement in M&E systems over older projects and project staff are increasingly aware of the need to remedy deficiencies. The Implementing Agencies reported that they are making progress to develop their projects-at-risk systems to bring added managerial attention to projects that are experiencing implementation problems. The World Bank carried out a review of M&E in project design and supervision reports and found that most project designs did not adequately address M&E arrangements. In response to this finding, the WB developed a plan to address the weaknesses it identified in M&E systems. UNEP has also developed a project-at-risk system.

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Project Complexity

~~10.11.~~ PPR review meetings highlighted project complexity and overambitious objectives as factors that reduce the likelihood of achieving project objectives and substantial environmental benefits. These two issues have been identified in a variety of M&E tools including SMPRs, final project evaluations submitted by the Implementing Agencies, and Agency overview reports. Although what leads to project complexity is not entirely clear, a major contributing factor includes the unrealistic expectation that projects have to be all-inclusive and address too many aspects of a problem. Identified objectives, although valid, are often not well correlated to the available resources, the time frame for implementation, and the capacity of executing agencies. Sometimes assumptions about initial conditions are incorrect and the rationale and justification of proposed solutions are flawed.

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~~11.12.~~ The Secretariat would like to point out that the recommendations clearly identify areas that require improvement and clarification, and welcomes the opportunity they provide to enhance performance of the GEF portfolio. [Many of the conclusions of the PPR emerged from the Implementing Agencies' own portfolio reviews and analyses of implementation performance as part of the annual GEF PIR process.](#) However, it should also be noted that one clear

conclusion of the process of the PPR 2003 that is not identified in the recommendations is the necessity to rationalize and organize the myriad evaluation exercises, tools, and practices currently being implemented by the Office of M&E in order that they truly add value and avoid duplication of each other and of Implementing Agency M&E practices. The Office of M&E will separately communicate proposals to Council to enhance the current system of M&E in the GEF.

ACTION PLAN

~~12.13.~~ The Action Plan that is presented here responds to the recommendations from PPR 2003 and as referenced in Council Decision on Agenda Item 6, Report of the Monitoring and Evaluation Unit May 2004.²

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Recommendation One (Elapsed Time and Gaps Between Approved Commitments and Disbursements)

~~13.14.~~ Recommendation One. The Office of M&E will conduct further analysis of the trends in approved commitments and project disbursements together with the analysis of “elapsed time” between project allocation and start of implementation.

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Actions Completed, Ongoing and Planned

~~14.15.~~ The Office of M&E and the Inter-agency Operations Task Force will coordinate activities to address the issue of elapsed time between project allocation and project implementation. To initiate this process, the Office of M&E has commissioned a review to determine which factors affect the length of time involved in project preparation and initiation and to distinguish between those factors that contribute in a positive way to the quality and effectiveness of projects and those that do not. The review will also address the lag between fund commitments and disbursements.

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~~15.16.~~ The review is phased to produce useful interim products that would facilitate the work of the Operations Task Force. The **first phase** will develop clear descriptions of the characteristics of the project cycle for each of the Implementing/Executing Agencies that are covered in the review and the relationship of their own project cycles to the GEF project cycle. The **second phase** will then use this baseline to assess the factors contributing to elapsed times in Implementing/Executing Agency and GEF project cycles, respectively. The **third phase** will involve drafting the final report and holding a workshop with the Operations Task Force to review and strengthen the findings of the report.

² “The Council requests the Monitoring and Evaluation Unit to work with the GEF Secretariat and the Implementing Agencies to prepare an action plan, including proposed actions, timetables and where appropriate, costs, for responding to the reports’ recommendations, taking into account the comments made at the Council meeting, for review and approval by the Council at its meeting in November 2004. In particular, the Council underscores that the work should address as a priority time delays in project preparation and implementation and disbursement of funds, including gaps between the approved commitments and the Implementing Agency’s project disbursements, procedures to standardize project ratings and guidelines to ensure consistency in their application, methodologies and options for measuring and integrating sustainability and replication in GEF projects, and simplification of project objectives.”

~~16.17.~~ The review will cover the project cycle of the three Implementing Agencies (UNDP, UNEP, WB) and the Asian Development Bank (ADB) given that the ADB has developed enough GEF projects to provide useful experience to the review. Prior to the decision of the Office of M&E to undertake this study, the World Bank had already launched such a study for its portfolio as part of its GEF portfolio improvement plan as a follow up to the PIR. It was subsequently agreed with the Office of M&E that a draft of the Bank's study would serve as an input to the overall study. Other EAs might be included in the overall study as well if sufficient information was available regarding their experience.

The result of the M&E review will provide contributions to the Council paper on the streamlining of the project cycle that will be prepared by the GEF Secretariat for presentation to the Council during FY06.

Delivery Dates per Output:

October 2004:	Phase I Draft Report from Office of M&E.
December 2004:	Phase II Draft Report from Office of M&E.
January 2005:	Workshop to Discuss Draft Report.
January 2005:	Final Report from Office of M&E.
FY 06:	GEF Secretariat Council Paper on the Streamlining of Project Cycle.

Recommendations Two and Five (Project Ratings and M&E Systems)

~~17.18.~~ Recommendation Two. The Office of M&E will form a working group, which will include representatives of the Implementing Agencies and the GEF Secretariat, to develop and adopt clearer guidelines and to identify best practices in rating project results.

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~~18.19.~~ Recommendation Five. UNDP and UNEP should also carry out an assessment of the M&E systems in their GEF projects similar to the one carried out by the World Bank and devise a plan to address the weaknesses identified in each project.

Actions Completed, Ongoing and Planned

~~19.20.~~ The Office of M&E will carry out a review of the extent to which Implementing Agency M&E systems properly incorporate GEF priorities including the measuring of progress towards achieving global environmental benefits and application of the GEF review criteria during implementation. This review will include the findings of self-assessments by UNDP and UNEP of the M&E systems in their GEF projects and the findings of the self-assessment already carried out by the World Bank.

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~~20.21.~~ The review conducted by the Office of M&E will examine the practices of *monitoring and supervision* within the Implementing Agencies, including rating and internal review procedures related to project monitoring. The review will also assess the extent to which current Implementing Agency *evaluation practices* ensure independent and rigorous project evaluations.

The assessment of evaluation practices will address issues such as the processes by which project evaluation TORs are developed, selection of evaluators, and processes to ensure transparency and stakeholder input to evaluations. In addition, the review will examine internal review and feedback practices established to ensure evaluations meet required Office of M&E standards and that there are procedures in place to ensure that lessons learned are properly incorporated into projects under implementation as well as those in the design phase.

Delivery Dates per Output:

- April 2005: The Office of M&E will present a review TOR for discussion to the Implementing Agencies and the GEFSEC.
- April 2005: UNEP and UNDP will report their findings of self-assessments on the status and practices of M&E systems in their GEF Projects and on their plans to address issues raised by their self-assessment.
- June 2005: Progress report to Council from Office of M&E.
- November 2005: Report to Council of review findings and recommendations from Office of M&E.

Recommendations Three and Four (Sustainability, Replication and Cost-Effectiveness)

~~21-22~~. Recommendation Three. In consultation with the GEF Secretariat and the Implementing Agencies, the Office of M&E will develop a methodology and framework for a better assessment of sustainability.

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~~22-23~~. Recommendation Four. The GEF Secretariat should develop specific guidelines for replication strategies in each focal area.

Actions Completed, Ongoing and Planned

~~23-24~~. The existing project review criteria include the general principles that are deemed to increase likelihood of sustainability and replication including stakeholder participation, country ownership and driveness, cost-effectiveness, integration of project interventions into wider processes outside of the project boundary (PRSPs, CDFs), etc. Given the incredible diversity of cultural, social, economic, and biological systems within which GEF projects are implemented, as well as the variation in project types within each focal area, there is no single project design blueprint that can be applied within or across focal areas to ensure that project outcomes are sustainable and that replication occurs.

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~~24-25~~. In recognition of the technical nature of analyzing the factors that foster sustainability and developing replication guidelines, the Office of M&E and the GEF Secretariat have agreed that the most effective way to further define the project review criteria of sustainability and replication would be to engage the Focal Area Task Forces to refine and adapt these criteria to each focal area and, as necessary, to project types within each focal area. It was also decided that the “cost effectiveness” criteria requires further definition for each focal area and for project types within focal areas.

| ~~25-26.~~ Each Focal Area Task Force will develop further definitions for each of the criteria, and, with the help of a consultant, develop guidelines and identify good practices that can guide future project design and implementation.

Delivery Dates per output:

April 2005: TORs agreed by each task force.

June 2005: Progress report to Council.

November 2005: GEF Secretariat report to Council of conclusions of task forces including guidelines and good practices identified.

Project Design Complexity and Overambitious Project Objectives

Actions Completed, Ongoing and Planned:

| ~~26-27.~~ The Office of M&E in coordination with the Implementing Agencies and the GEF Secretariat will carry out a study to identify steps that might be taken to address issues related to project design complexity and overambitious project objectives. This study will draw lessons from the examination of GEF projects as well as from lessons from other organizations that have dealt with these issues. Questions that the study will address include: What is a complex project? How does complexity carry over to implementation? What good practices exist to address complex issues in a practical way? How can adaptive management be applied within complex projects and within the current GEF project cycle? The review will consider issues such as timelines, multiple co-financiers, project implementation in multiple countries and identify good practice examples in which project design complexity was successfully identified and addressed early on in project implementation. This study will provide the basis to a Secretariat report to Council on how the GEF might address these issues.

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Delivery Dates per Output

April 2005: The Office of M&E will develop TOR for the study

May 2005: Comment period for TOR by Implementing Agencies and the GEF Secretariat and TOR agreed

June, 2005: Start of Review

November 2005: Progress report to Council

FY 2006: GEF Sec report to Council on proposed measures to address issues related to project design complexity and overambitious objectives..