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GEF ANNUAL PERFORMANCE REPORT 2007

(Prepared by the GEF Evaluation Office)

Recommended Council Decision

The Council, having reviewed document GEF/ME/C.33/2, *GEF Annual Performance Report 2007*, and document GEF/ME/C.33/3, *Management Response to GEF Annual Performance Report 2007*, takes notes of the recommendations and the management response and decides that the GEF Secretariat, in coordination with the GEF Agencies, should conduct a formal and in-depth survey to more accurately and thoroughly assess the GEF Agencies efforts to reduce greenhouse gas emissions.

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EXECUTIVE SUMMARY

1. This Annual Performance Report (APR) presents an account of some aspects of project results, of processes that may affect project results, and of monitoring and evaluation (M&E) arrangements in completed projects. Following on previous APRs, this report includes information on GEF project outcomes, sustainability, co-financing, quality of M&E and quality of terminal evaluations. In this APR, the Evaluation Office presents an assessment of the extent capacity development activities in GEF projects are relevant, effective and efficient, and the results and sustainability of results of these activities. It also contains a review of the carbon footprint policies and guidelines of the GEF institutions and agencies. For the first time the Office also presents a “performance matrix,” wherein performance of the GEF implementing agencies (IAs), executing agencies (EAs) and the Secretariat on various parameters tracked by the Office is summarized.

2. The findings presented have several limitations. Most are based on the terminal evaluation reviews, which are in turn based on the information provided by terminal evaluation reports. This introduces uncertainty into the verification process, which the Evaluation Office seeks to mitigate by incorporating in its reviews any pertinent information it has independently gathered through other evaluations. The Evaluation Office is also seeking to improve the independence of terminal evaluation reports by continuing working with the central evaluation units of partner agencies. This year the Office also piloted a methodology to verify the findings of the terminal evaluations in the field.

3. The APR contains the following conclusions:

- a. The percentage of completed projects with outcome ratings in the satisfactory range is close to the 75 percent target agreed upon in the GEF-4 replenishment agreement.
- b. The materialization of cofinancing reported by the IAs was about three fourths of that promised at project approval.
- c. The results of capacity development activities in completed GEF projects are generally positive and in some areas significant. However, in many instances the gains made are not sustained. A common underlying weakness in the projects is the tendency to plan and execute training as a “one-shot” solution with little consideration for national or regional context.
- d. There is strong association between quality at entry of M&E arrangements and actual quality of monitoring during implementation.
- e. There has been significant improvement in the overall quality of the terminal evaluation reports. However, further improvements are required in reporting of financial information.

- f. The GEF Agencies are on the right track to addressing the greenhouse gas emissions of their internal operations. However, most are in early stages of developing and adopting a comprehensive greenhouse gas management strategy.
 - g. All 41 verified Council decisions in the Management Action Record show a level of adoption of medium and higher. Of the older Council decisions, 14 out of 27 show substantial progress in the level of adoption versus last year.
- 4. The following recommendation is formulated:
 - a. The GEF Secretariat, in coordination with the GEF Agencies, should conduct a formal and in-depth survey to more accurately and thoroughly assess the GEF Agencies efforts to reduce greenhouse gas emissions.
- 5. Compared to fiscal year 2006 when 66 terminal evaluation reports of completed GEF projects were submitted to the Evaluation Office, during fiscal year 2007 only 42 were submitted. The Office will investigate why the number of terminal evaluations submitted during fiscal year 2007 was lower than expectations and will report on this in the next APR.
- 6. The Office will work with the GEF secretariat to develop better systems to track project completion. The World Bank has a system for automatic submission of an electronic copy of the implementation completion reports of its GEF supported projects when such reports are completed. However, other agencies have not yet developed such systems. Consequently, timely information on project completion is not available for most projects. In absence of this information, it is difficult to track compliance with completion and submission of terminal evaluations.
- 7. The Evaluation Office for the first time presents in this APR a performance matrix, which covers 13 performance parameters. The Council had requested presentation of performance of the GEF partnership and in the APR for fiscal year 2006 a draft performance matrix has been presented. The performance on 9 of the 13 parameters included has been reported in the matrix in this report.
- 8. The full version of the Annual Performance Report 2007, including the detailed data, reviews, analysis and methodological justification, will be published on the GEF Evaluation Office website at the same time as this Council working document. The Management Actions Records are published separately on the Evaluation Office website.

BACKGROUND

1. This document is the fourth Annual Performance Report (APR) that the Global Environment Facility (GEF) Evaluation Office has presented. The report presents a detailed account of some aspects of project results, of processes that may affect these results, and of M&E arrangements in completed GEF projects. In the APR for fiscal year 2005 the Evaluation Office presented an assessment of the M&E arrangements across the GEF partnership. The APR for fiscal year 2006 contained an assessment of the project supervision arrangements across the GEF partnership. In this APR, the Evaluation Office presents an assessment of the extent capacity development activities in GEF projects are relevant, effective and efficient, and the results and sustainability of results of these activities. It also presents a review of the carbon footprint policies and guidelines of the GEF institutions and agencies. For the first time, a “performance matrix” is presented, wherein performance of the GEF implementing agencies (IAs), executing agencies (EAs) and the Secretariat on various parameters tracked by the Office is summarized. The performance matrix will become a regular feature of the APR. This year, the Evaluation Office also piloted its approach to direct verification of terminal evaluations.

2. This APR continues presenting an assessment of project outcomes, project sustainability, project completion delays, materialization of cofinancing, and quality of monitoring. For the assessment of project outcomes, project sustainability, and delays in project completion, 149 projects for which terminal evaluation reports were submitted by the IAs to the Evaluation Office in fiscal year 2005 (41 projects), fiscal year 2006 (66 projects) and fiscal year 2007 (42 projects) were considered. Altogether, the GEF invested \$714 million in these 149 projects. The focus of this APR’s reporting is on the 42 projects for which terminal evaluation reports were submitted in fiscal 2007 and in which the GEF invested \$ 200 million.

3. For assessment of materialization of cofinancing, all 224 projects for which terminal evaluation reports have been submitted after January 2001 were considered. Of these, for 158 (70 percent) projects information on actual materialization of cofinancing was provided in the terminal evaluation reports and/or by the relevant implementing agency. The GEF has invested a total of \$782 million in these 158 projects; it was reported by the IAs that an additional \$2.5 billion was leveraged for these projects in the form of cofinancing.

4. For assessment of the capacity development activities in GEF projects, the Evaluation Office conducted detailed country case studies in Vietnam and Philippines. In addition, the 42 terminal evaluation submitted to the Office during fiscal 2007 were reviewed. This allowed the Office to assess the extent to which findings based on the analysis of the data from these two approaches was consistent.

5. The GEF Evaluation Office commissioned a survey of the policies and initiatives of GEF Implementing and Executing Agencies to broadly assess the extent to which they are addressing the greenhouse gas emissions generated by their internal operations. Greenhouse gas footprint related policies and initiatives of the 10 GEF agencies were reviewed.

6. This year's Management Action Record tracks the level of adoption of 46 Council decisions based on 12 GEF EO documents by presenting ratings of GEF management. Of these Council decisions the Evaluation Office was able to verify 41. The Evaluation Office will carry out thematic assessments in the future to assess adoption of Council decisions that were not verified this year.

7. This is the first time a performance matrix that provides a summary of the performance of IAs, EAs and GEF Secretariat on relevant parameters has been included in an APR. Several of the parameters included in the Matrix are already being assessed on an annual basis by the Evaluation Office. For the remainder, the Evaluation Office – in collaboration with the evaluation offices of the GEF agencies – is developing assessment approaches. Reporting on such parameters will be done in future APRs.

8. The APRs for 2005 and 2006 identified that absence of direct verification of the completed projects prevents a more comprehensive assessment of the veracity of the submitted terminal evaluation reports. The methodology followed in the APR primarily involves review of the evidence presented in the terminal evaluation report and providing verified performance ratings based primarily on desk reviews. While this methodology allows the Evaluation Office to make the performance ratings more consistent with the evidence provided in the terminal evaluations, it does not allow it to establish the veracity of the presented evidence. Direct verification allows the Office to address this concern. In addition, the field verification process provides the Office an opportunity to gather new information to draw lessons from the completed projects. To develop its approach to direct verification further, before it could be adopted as a regular activity of the APR, this year the Evaluation Office piloted its approach to direct verification of terminal evaluations for three of the full size projects for which terminal evaluation reports had been submitted in fiscal year 2007.

9. One of the limitations noted in the earlier APRs has been that on many issues the number of projects for which data was available was not sufficient to allow in depth assessments on differences in performances and the underlying factors that affect performance. With inclusion of the fiscal year 2007 cohort in the data pool, for some of the issues such as trends pertaining to quality of terminal evaluation reports and reported materialization of cofinancing this constraint has been mitigated to a large extent. However, this limitation still constraints analysis on other issues.

FINDINGS AND CONCLUSIONS

Results

Conclusion 1: The percentage of completed projects with outcome ratings in the satisfactory range is close to the 75 percent target agreed upon in the GEF-4 replenishment agreement.
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10. Among the completed GEF projects assessed and rated this year, 73 percent were rated moderately satisfactory or above in achievement of outcomes, and 58 percent were rated moderately likely or above in sustainability of outcomes. While the outcome ratings

for the fiscal year 2007 cohort are lower than that for fiscal years 2005 and 2006, no conclusions could yet be drawn on whether it will constitute a trend.

11. **Attainment of Project Outcomes.** The Evaluation Office rated the achievement of project outcomes on criteria of relevance, effectiveness, and efficiency. Of the 42 terminal evaluation reports submitted in fiscal year 2007, 41 reports (98 percent) provided sufficient information to allow assessment of the level of attainment of project outcomes (see table 1)¹. The key findings of this assessment are as follows.

- Of the 41 projects whose outcomes were rated by the Evaluation Office, 73 percent were rated moderately satisfactory or above. Although this figure is lower than that for fiscal year 2005 (82 percent) and for 2006 (84 percent), given the relatively small number of observations and the differences in the project mix the difference is not statistically significant.
- Of the total investment in the rated projects (\$199 million), 69 percent (\$138 million) was allocated to projects that were rated moderately satisfactory or above.
- There were differences in the outcome ratings of full-size projects (FSPs) and medium-size projects (MSPs): the outcomes of 60 percent of FSPs and 86 percent of MSPs were rated moderately satisfactory or above. This is unlike fiscal year 2006 cohort, where the outcome ratings for FSPs and MSPs were similar.

12. Project performance for the fiscal year 2007 cohort is close to the target set for the fourth GEF replenishment of 75 percent of projects having satisfactory outcomes (GEF 2006). Although the completed projects assessed during fiscal year 2007 do not fall under the provisions of the fourth replenishment, their performance does indicate that the target outcome achievement is realistic.

Table 1: Outcomes and Sustainability of Outcome

Fiscal Year	FY 2005	FY 2006	FY 2007
Number of TE submitted	41	66	42
Projects for which no outcome rating was possible	2	1	1
Number of project with outcome rating	39	64	41
Percentage rated MS or above in outcome rating	82	84	73
Projects for which no sustainability of outcomes rating was possible	—	12	2
Number of projects with sustainability of outcomes ratings	—	54	40
Percentage rated ML or above in sustainability of outcomes ratings	—	65	58
Number of projects rated both on outcomes and sustainability of outcomes	—	54	40
Percentage of rated projects with MS/ML or above in both	—	61	50

13. **Sustainability of Project Outcomes.** The Evaluation Office rated sustainability based on its assessment of level of risks to sustainability of outcomes on four dimensions: financial, sociopolitical, institutional and governance, and, environmental. Of the

¹ The complete list of the terminal evaluation reports reviewed during fiscal 2007 is provided in Annex B.

terminal evaluation reports submitted in fiscal year 2007, 40 reports (95 percent) provided sufficient information to allow assessment of sustainability of project outcomes. The key findings of this assessment are:

- Of the 40 projects that were rated, the sustainability of outcomes of 58 percent (23 projects) was rated moderately likely or above. Although outcomes of 65 percent of projects from the fiscal year 2006 cohort had been rated moderately likely or above, the difference between the two cohorts is not statistically significant.
- Of the total GEF investment in rated projects (\$184 million), 54 percent (\$99 million) was invested in projects that were rated moderately likely or above in terms of sustainability of outcomes.

14. The Evaluation Office assessed the extent to which projects that were rated moderately satisfactory or above in achievement of outcomes were also rated moderately likely or above in sustainability of outcomes. Of the terminal evaluations of the fiscal year 2007 cohort, 40 (95 percent) had provided sufficient information on both the parameters. It was found:

- Of the rated projects from the fiscal year 2007 cohort, 50 percent were rated both moderately satisfactory or above in outcomes and moderately likely or above in sustainability. In terms of GEF investment, 44 percent was invested in these projects. The corresponding figures for the fiscal year 2006 cohort were 61 percent and 56 percent, respectively.

Processes

Conclusion 2: The materialization of cofinancing reported by the IAs was about three fourths of that promised at project approval.

15. There are great variations among projects in terms of levels of GEF investment, promised cofinancing and reported materialized cofinancing. The figures for a cohort could easily be skewed by a few projects. Consequently, the average figures for cohorts may fluctuate despite absence of an underlying trend. The cofinancing figures reported by the IAs for the fiscal year 2007 cohort need to be noted with this caveat.

16. Of the 42 terminal evaluation reports submitted during fiscal year 2007, 34 reported on materialization of cofinancing. Of the 8 projects for which terminal evaluation reports did not provide information on materialization of cofinancing, for 6 this information was retrieved by the Evaluation Office through follow up with the respective implementing agency. For fiscal year 2007 cohort, at the point of inception \$2.6 had been promised in cofinancing per dollar of approved GEF investment. Of this \$1.9 was reported to have materialized. For fiscal year 2006, in comparison, \$2.1 had been promised and \$2.4 was reported to have materialized (see table 2).

17. If all terminal evaluations reports submitted to the Evaluation Office so far are taken into consideration, information on cofinancing is available for 158 projects. For

these projects, implementing agencies promised an average of \$3.50 in cofinancing per \$1.00 of approved GEF grant. The actual cofinancing reported was slightly lower at \$3.30 per \$1.00 of approved GEF grant. Thus, an average of 93 percent of promised cofinancing was reported to have materialized.

Table 2: Materialization of Cofinancing

Financial year of terminal evaluation report submission	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	Up to 2006	FY 2007	All Years
TE reports submitted	18	15	42	41	66	182	42	224
TE reports that reported on cofinancing	11	7	30	23	47	118	34	152
Cofinancing data available for	11	7	30	23	47	118	40	158
Approved GEF grant per project in m \$	6.2	5.5	5.9	6.4	3.5	5.0	4.4	4.9
Actual GEF grant per project in m \$	6.1	4.6	4.6	6.3	3.3	4.6	4.0	4.4
Promised cofinancing per project in m \$	29.5	8.4	43.2	9.5	7.2	19.0	11.3	17.2
Promised cofinancing per dollar of approved GEF grant	4.7	1.5	7.4	1.5	2.1	3.8	2.6	3.5
Reported materialized co-finance per project in m \$	29.2	7.1	38.9	10.0	8.2	18.3	8.5	16.0
Reported materialized co-finance per dollar approved of GEF grant	4.7	1.3	6.6	1.6	2.4	3.6	1.9	3.3
Materialized co-finance per dollar of promised co-finance (%)	99	85	90	106	114	96	75	93

On average, the projects of the fiscal year 2007 cohort were completed after a delay of 13 months; 14 percent were completed after a delay of at least two years.

18. The Evaluation Office began tracking project completion delays in fiscal year 2005. The average project completion delay was 19 months for the fiscal year 2005 cohort and 13 months for the fiscal 2006 and 2007 cohorts. Compared to 44 percent of the projects of the fiscal year 2005 cohort only 17 percent of the projects in the fiscal year 2006 cohort and 14 percent for fiscal year 2007 cohort had delays of two years or more. Despite the drop in the average delay in project completion, it is still early to determine if this is a trend.

Conclusion 3: The results of capacity development activities in completed GEF projects are generally positive and in some areas significant. However, in many instances the gains made are not sustained. A common underlying weakness in the projects is the tendency to plan and execute training as a “one-shot” solution with little consideration for national or regional context.

19. In fiscal year 2007 the Evaluation Office began work on the evaluation of GEF capacity development activities. To date the evaluation team has completed literature reviews and country case studies of the Philippines and Vietnam. The case studies found that the results of capacity development activities are generally positive and in some areas significant. GEF capacity development support has been relevant; in line with national policy priorities and with a good level of national ownership. The effectiveness of capacity development activities has varied, although even in areas which did not

produce immediate benefits, they may develop in the longer term. Cost-effectiveness of capacity development activities was difficult to assess. Although there are many improvements to capacity at the individual, institutional and systemic levels, there are doubts about the sustainability. Firstly, staff turnover in many Government institutions is high, so that there is a need to replicate training regularly. Secondly, once staff have been trained and put their new skills into practice, they find the need for higher level skills, which require additional learning opportunities. The case studies revealed a common underlying weakness in the training programs, namely the tendency to plan and execute training as a “one-shot” solution. It is necessary to build training approaches on the basis of existing bodies in the country or region, such as Universities, or specialist public or private sector training institutions.

20. The Evaluation Office reviewed the 42 terminal evaluations submitted in fiscal year 2007. The findings of the terminal evaluations review supported those of the country case studies. The results of capacity development activities have generally been positive. Support has overall been relevant to national development goals with the exception of some specific training exercises in five projects. The efficiency of capacity development activities has usually been satisfactory in meeting output and outcome targets; however some projects suffered implementation delays. The cost-effectiveness of capacity development activities was difficult to assess mainly because budget information was only reported for capacity development activities when it was a specific component. The effectiveness of capacity development activities has varied and there are doubts concerning the sustainability of results. The sustainability of capacity improvements from training remains low because few national or regional long-term training programs were developed. The review of terminal evaluations found that there is inadequate reporting on the performance of capacity development activities implemented by projects. The weak evidence base of capacity development activities makes it difficult to learn lessons or to track accountability of project investments.

21. The country case studies and the review of terminal evaluations provide following lessons on capacity development activities. Capacity development on the systemic level must be realistic. Overambitious goals to change policies or laws, when not attained, may adversely affect implementation of other project components. Institutional strengthening requires baselines and assessments to determine how new capacity will be absorbed. There is a need to develop long-term training programs and capacities based on national or regional context rather than depending on “one-shot” trainings.

Monitoring and Evaluation

Conclusion 4: There is strong association between quality at entry of M&E arrangements and actual quality of monitoring during implementation.

22. Of the 42 terminal evaluation reports submitted during fiscal year 2007, 34 (81 percent) provided sufficient information on M&E to allow the Evaluation Office to rate quality of project monitoring during implementation. Of the rated projects, 62 percent were rated moderately satisfactory or above on quality of monitoring.

Table 3: Quality of monitoring during project implementation

FY of TE submission	FY 2004	FY 2005	FY 2006	FY 2007
Terminal evaluation reports submitted	42	41	66	42
Terminal evaluation reports that did not report on M&E	11	8	20	8
Terminal evaluations for whom reporting not required	2	1	0	0
Terminal evaluations that reported on M&E	29	32	46	34
Percentage of projects rated moderately satisfactory or above	55	66	78	62

23. Of the 42 projects, for 41 the quality of M&E arrangements at entry was assessed. Of the rated projects, 28 (68 percent) were rated moderately satisfactory or above in terms of quality of M&E arrangements at entry.

24. The Evaluation Office continued with the analysis presented in the fiscal year 2006 APR where the association between the ratings for quality of M&E arrangements at entry and for quality of project monitoring during implementation had been assessed. Such an assessment was, however, possible for only 33 projects. Of the 25 projects of the 2007 cohort, whose quality of M&E arrangements at entry was rated to be moderately satisfactory and above, for 21 (84 percent) the quality of project monitoring during implementation was also rated to be in the same range. In contrast, of the 8 projects whose quality of M&E arrangements at entry was rated to be moderately unsatisfactory or below, only one (13 percent) was rated as moderately satisfactory or above in quality of project monitoring during implementation. This confirms the findings of the fiscal year 2006 APR, where strong association between the two had been reported.

Conclusion 5: There has been significant improvement in the overall quality of the terminal evaluation reports. However, further improvements are required in reporting of financial information.

25. In fiscal year 2007, 42 terminal evaluation reports were submitted. This is considerably lower than the 66 that were submitted during fiscal year 2006. The Evaluation Office will investigate this and report on it in the next APR.

26. Of the 42 terminal evaluation reports submitted in fiscal year 2007, quality of 40 (95 percent) was rated to be moderately satisfactory or above. This performance is better than that of the earlier cohorts (see table 4). On all performance parameters that were assessed, a greater percentage of the terminal evaluation reports had provided sufficient information. This allowed the Evaluation Office to assess the performance of a greater percentage of projects. The underlying trend of improvement in the quality of terminal evaluation reports submitted to the Evaluation Office becomes stronger when the year of terminal evaluation report completion, instead of year of submission, is used as a basis for comparison. This improvement is a result of the quality control measures adopted by the implementing agencies and the guidance provided by the Evaluation Office.

27. Despite improvement in the overall quality of reporting, financial reporting and analysis presented in the terminal evaluation reports remains an area where there has

been little improvement. Almost half of the terminal evaluation reports (44 percent) did not provide adequate information in aspects related to financial performance. Consequently, it is difficult to assess the variance in actual financial performance and the effect of such a variation on results achieved by these projects. Financial reporting is primarily contingent on the extent to which the respective implementing agency provides timely financial information for terminal evaluation. This again, is dependent on the financial systems of the respective implementing and executing agencies. For example, of the terminal evaluation reports submitted to the Office since fiscal year 2005, compared to the 70 percent of those from the World Bank – which being a financial institution accords greater attention to financial reporting – only 37 percent of those from UNDP and 41 percent of those from UNEP provide adequate financial information. Since it is more difficult to make changes in the financial systems, this remains an area where more efforts are required. The Evaluation Office will provide more attention to financial reporting and will work with the GEF agencies to find ways to improve performance on this parameter.

Table 4: Terminal Evaluation Report

Financial Year of Terminal Evaluation report submission	FY 2004	FY 2005	FY 2006	FY 2007
Number of terminal evaluation reports submitted	42	41	66	42
Percentage of terminal evaluation reports without sufficient information on project outcomes	—	5	3	2
Percentage of terminal evaluation reports without sufficient information on sustainability of project outcomes	—	12	18	5
Percentage of terminal evaluation reports that did not report on cofinancing	29	44	29	19
Percentage of terminal evaluation reports without sufficient information on monitoring and evaluation	25	20	30	19
Percentage of terminal evaluation reports rated moderately satisfactory or above in terms of their quality	69	88	84	95

28. In November 2007, after the Joint Evaluation Report on the Small Grants Programme was presented to the GEF Council, information emerged on on-going investigations that the evaluation team was not aware of. These investigations were confidential. The Evaluation Office will fine-tune the guidelines on how confidential information on GEF activities should be shared with the evaluators, while maintaining the confidentiality of the agencies.

Greenhouse Gas Foot Print

Conclusion 6: The GEF Agencies are on the right track to addressing the greenhouse gas emissions of their internal operations. However, most are in early stages of developing and adopting a comprehensive greenhouse gas management strategy.

29. The GEF Evaluation Office commissioned a survey of the policies and initiatives of GEF Implementing and Executing Agencies to broadly assess the extent to which they are addressing the greenhouse gas (GHG) emissions generated by their internal

operations. Greenhouse gas footprint related policies and initiatives of the 10 GEF agencies were reviewed.

30. This assessment was primarily based on a review of publicly available information on the greenhouse gas footprint policies and initiatives of the implementing and executing agencies of the GEF. In addition to publicly available information, for some agencies supplementary information was gathered by requesting relevant documents and through phone conversations. Several of the agencies that were reviewed are in the process of defining their approach to addressing greenhouse gas emissions from their operations so some of the information in this report might be outdated and with some gaps. A set of climate evaluation criteria were developed for a review of the greenhouse gas reduction approaches of the ten implementing and executing agencies. The assessment criteria include:

- Agency-wide climate policy
- A comprehensive energy efficiency program
- Annual GHG Inventory
- Reduction targets and metrics to track progress
- Governance structure that makes climate a priority issue and integrates it into core agency operations
- Employee engagement program
- Centralized GHG data management process
- Public disclosure

31. The climate policies and initiatives of these agencies were compared to the evaluation criteria. Since the GEF Secretariat and the GEF Evaluation Office fall under the administrative framework of the World Bank Group they were not independently reviewed for this assessment. The GEF, for the most part, follows World Bank Group policies regarding GHG emissions. The only difference is regarding travel – while the World Bank requires staff to use least cost options (which often imply indirect flights), GEF staff are allowed to use direct flights to limit the GHG impact of their travel though the financial costs may be higher.

Table 5: Climate Policy Assessment Criteria by Agency

Agency	Agency-wide Climate Policy	Energy Efficiency Program	Annual GHG Inventory	Reduction Targets and Metrics	Governing Strategy	Employee Engagement	Centralized GHG Data Management	Public Disclosure
AFDB	✓	✓	✓		✓			
ADB	✓	✓	✓		✓			✓
EBRD		✓	✓	✓	✓	✓		✓
FAO					✓			
IDB	✓	✓	✓	✓	✓	✓		✓
IFAD	✓							
UNDP			✓		✓			
UNEP	✓		✓	✓	✓	✓	✓	

Agency	Agency-wide Climate Policy	Energy Efficiency Program	Annual GHG Inventory	Reduction Targets and Metrics	Governing Strategy	Employee Engagement	Centralized GHG Data Management	Public Disclosure
UNIDO	✓		✓	✓	✓			
WBG	✓	✓	✓	✓		✓		
Number of Agencies	7	5	8	5	8	4	1	3

32. Table 5 summarizes the findings of this assessment. A check for an agency on an assessment criterion implies that it has begun to address this criterion and demonstrated some commitment to furthering work in this area in the future.

33. The survey findings show that GEF Agencies are on the right track to addressing the greenhouse gas emissions of their internal operations. However, most are in early stages of developing and adopting a comprehensive greenhouse gas management strategy. Some of the agencies do have commitments to further address their internal impacts in the future. Agencies under the United Nations umbrella will be working towards reducing their greenhouse gas emissions as part of an UN-wide climate neutral target that they plan to meet in the future. Among the agencies that were reviewed, EBRD, IDB and UNEP had begun to address most of the criteria considered for assessment. Overall, the banks have made more progress to address the climate impacts of their internal operations than the other agencies.

34. There is a need for all Agencies to advance their efforts to address their internal climate change impacts and to further develop processes and systems to track and manage their internal greenhouse gas inventory data. Initially, the agencies need to focus their efforts on completing a robust greenhouse gas inventory. Once they have assessed their climate risk through an inventory, they will be well positioned to develop a cost-effective and disciplined approach to reducing their impacts.

Management Action Record

Conclusion 7: All 41 verified Council decisions in the Management Action Record show a level of adoption of medium and higher. Of the older Council decisions, 14 out of 27 show substantial progress in the level of adoption versus last year.

35. This year's Management Action Record tracks the level of adoption of 46 Council decisions based on 12 GEF EO documents by presenting ratings of GEF management and the verification of these ratings by the Evaluation Office. The Evaluation Office was able to verify the adoption of 41 of these 46 Council decisions. Decisions that could not be verified yet are mainly related to project monitoring and evaluation standards, and quality of supervision. The Evaluation Office will carry out thematic assessments in the future to assess adoption on these Council decisions.

36. The Evaluation Office rated 18 (44 percent) out of the 41 verified decisions as having been adopted by management at high or substantial levels. This represents an

improvement from last year when the percentage was 33. In addition, so far 12 Council decisions have been fully adopted (rated as high) and are graduated from the MAR. Six of them during FY 2006, all pertained to the *Evaluation of the Experience of Executing Agencies under Expanded Opportunities in the GEF* (GEF/ME/C.30/4, November 2006). The other six that were based on several evaluations were fully adopted during FY 2007.

37. Table 6 shows that the Evaluation Office and management agreed on the rating on progress of adoption for 51 percent of decisions (21 of 41). On the other hand, for 46 percent of the decisions (19 of 41) the Evaluation Office gave a lower rating on adoption compared to that given by the management. Many of the lower ratings given by the Evaluation Office reflect the fact that even though GEF has taken measures to address these decisions, these measures cannot be considered to demonstrate a high level of achievement yet. They also reflect the fact that some proposals to the Council are yet to be approved. If and when the Council does approve these proposals, substantial adoption may have occurred.

Table 6: Ratings of GEF Progress towards Adopting Council Decisions²

Management ratings	GEF EO ratings					Sum of management ratings
	High	Substantial	Medium	Negligible	Not possible to verify yet	
High	5	8	8		3	24
Substantial	1	4	3		1	9
Medium			12			12
Negligible					1	1
Not possible to verify yet						0
Sum of GEF EO ratings	6	12	23	0	5	46

38. Thirty Council decisions from 7 GEF EO documents were included in both last and this year's MAR. The Evaluation Office was able to follow the progress of adoption of 27 of these Council decisions (3 of them were rated as "not possible to verify yet"). Of these 27 Council decisions, 52 percent (14 out of 27) showed progress in the level of adoption.

39. A noticeable progress from last year is related to Council decisions requesting increased transparency in the GEF project approval process through an improved Management Information System. The recent launch of a new system, which includes a country portal to provide information related to GEF projects at a country level, is seen by the Evaluation Office as a concrete improvement on the issue of transparency and access to information.

² Highlighted fields show agreement between management and GEF EO; fields to the right of the diagonal represent higher rating by the management than by GEF EO (except in the case of "not possible to verify yet"). The last column shows the sum of ratings in each category by management; the last row shows the sum of ratings by GEF EO.

40. Eight out of the 9 Council decisions for which the ratings have not shown improvement from last year are related to the Local Benefits Study and the Biosafety Evaluation. Regarding the Local Benefits Study, decisions stress the need to set up a system that ensures local benefits are addressed in a more systematic way into all stages of the GEF project cycle. However, the GEF Secretariat currently cannot verify the quality of this aspect in project design or implementation because it still has no system in place to involve specialist social development expertise in its project review processes. Regarding biosafety the Evaluation Office will rate substantial adoption once the Council approves the “Program Document for GEF Support to Biosafety during GEF-4”.

41. SGP management has started to address the various council decisions through the GEF SGP Steering Committee. Nevertheless, the Steering Committee still does not have representation of Country Coordinators. This presents the risk that, inadvertently, new proposals won’t sufficiently consider country operational issues and perspectives. The inclusion of some of the senior country coordinators in the Steering Committee would allow for the county program perspective to be part of the discussions that lead to the SGP proposals that address the GEF Council decisions.

42. A complete version of the MAR is available at the GEF EO website (www.gefo.org).

Performance Matrix

43. The performance matrix provides a summary of the performance of IAs, EAs and GEF Secretariat on relevant parameters (see table 7). Several of the parameters included in the matrix have already been assessed by the Evaluation Office on an annual basis. Since performance ratings on these parameters fluctuate from one year to another, to mitigate such effects the values presented in the performance matrix are, depending upon the parameter, running averages of two to four years.

44. Performance parameters such as (i) project outcomes, (ii) implementation completion delays, (iii) materialization of co-financing, and (iv) quality of M&E during project implementation are being reported as four year running averages as improvements on these parameters are expected to be gradual. The figures listed in this year’s matrix, however, may not be four year averages as for some of the parameters data is not available for all the preceding three years. The figures reported for performance on (v) quality of project terminal evaluation are two-year running averages as meaningful changes can be attained in the short run.

45. For parameters such as (i) quality of supervision and adaptive management, (ii) realism of risk assessment and risk management, and (iii) quality of project M&E arrangements, the changes in performance are likely to be gradual and the assessment of performance requires intensive thematic appraisals. Therefore, for the sake of efficiency the Evaluation Office will take up such appraisals as part of the APR after a two-three year interval. For assessing performance on (i) project preparation elapsed time, the information from the GEF database will be analyzed. So far the information available from the GEF database is not reliable enough to facilitate such an analysis. As the recent

efforts of the GEF Secretariat on improving the quality of information in the GEF Database fructify, such analyses will be taken up and the findings presented in the matrix.

46. This year Evaluation Office developed approaches to report on three parameters included in the Agency Performance Matrix.

- (i) **Independence of terminal evaluations.** The Office will assess the extent to which systems in the partner agencies are conducive to unbiased and candid terminal evaluations. This will be appraised through the assessment of the process followed for conducting terminal evaluation when terminal evaluation verifications are carried out and it will be based on the interviews of the relevant staff and consultants of the partner agencies.
- (ii) **The independence of evaluation units of the partner agencies of the GEF.** The GEF Evaluation Office has started a consultation process with Evaluation Offices of IAs and EAs so as to define an appropriate way forward on assessing their independence. An initial proposal is to seek to devise a way to assess the extent to which the existing institutional arrangements pose risks to independence of the evaluation units. To assess this, the Office would draw on the self reporting and peer reviews carried out in the context of the Evaluation Cooperation Group of the Banks (ECG) and the United Nations Evaluation Group (UNEG). The charter and mandate of the various evaluation units will also provide evidence of their degree of independence.
- (iii) **Quality of learning.** The performance matrix will also report on quality of learning through an assessment of improvement demonstrated by GEF Agencies and Institutions on the other parameters included in the performance matrix. This section of the matrix will be accompanied by a narrative that explains the areas in which learning has taken place and will also identify the specific changes or factors that have contributed to improved performance. This year the ratings on performance improvement have been provided for changes in quality of terminal evaluations reports.

47. Given the highly specialized and technical nature of assessment on robustness of program result indicators and tracking tools, The Office will take up this assessment as part of the program studies for OPS 4 in FY 2008 enlisting the assistance of the appropriate technical experts. The Evaluation Office has withdrawn two review criteria – project sustainability ratings – which had been proposed earlier as this is not a performance criteria but a characteristic of a project and MAR – where an objective comparative assessment is difficult.

48. Based on the review of terminal evaluation reports submitted to the Evaluation Office during fiscal year 2005 to 2007, the Office rated outcome achievement (parameter 1) in 81 percent of the projects to be moderately satisfactory and above. Although the rated projects do not fall under the provisions of the fourth replenishment, the percentage is higher than the 75 percent target specified in the fourth replenishment agreement.

Among the implementing agencies, the percentage of World Bank projects (87 percent) with ratings in the satisfactory range has been significantly higher than the target.

Table 7: GEF Agency and Institutions Performance Matrix

Parameter ³	UNDP	UNEP	World Bank	GEF Secretariat	Overall GEF Performance
Results					
1. Project Outcomes: percentage of completed projects with outcomes rated moderately satisfactory or above	78	67	87	—	81
Processes affecting results					
2. Quality of supervision and adaptive management: percentage rated moderately satisfactory and above (based on fiscal year 2006 APR findings).	88	36	87	—	81
Efficiency					
3. Project preparation elapsed time: average number of months required to prepare projects.	—	—	—	—	—
4. Implementation completion delays: average delay in completion of projects in months	21	10	12	—	15
5. Materialization of Co-financing:					
a. Reported materialization of cofinancing per dollar of approved GEF financing	1.3	1.5	3.9	3.2	3.2
b. Reported materialization of cofinancing as percentage of promised cofinancing	84	94	93	91	91
Quality of M&E					
6. Independence of agency central evaluation units	—	—	—	—	—
7. Independence of terminal evaluations or independent review of terminal evaluations.	—	—	—	—	—
8. Realism of risk assessment (Robustness of project-at-risk systems): percentage of projects rated moderately satisfactory or above in candor and realism in supervision reporting (based on fiscal year 2006 APR findings)	75	29	80	71	71
9. Robustness of program result indicators and tracking Tools	—	—	—	—	—
10. Quality assurance of project M&E arrangements at entry (based on fiscal year 2005 APR findings)	68	40	50	58	58
11. Quality of project M&E during implementation	52	73	82	—	71
12. Quality of project terminal evaluation	91	81	88	—	88
Quality of Learning					
13. Improvement in performance					
(i) Project Outcomes	—	—	—	—	—
(xii) Improvement in quality of terminal evaluations: on a scale of 4 (high performance) to 1 (low performance)	4	4	3	—	3

49. On ‘improvement in performance’ (Parameter 13), performance improvement in quality of terminal evaluations – has been assessed. As has also been noted in conclusion 5 of this APR, there has been a substantial improvement in performance on this dimension. Among agencies UNEP and UNDP demonstrated considerable improvement. The quality of a high percentage of terminal evaluation reports submitted by the World Bank continues to be in the satisfactory range.

³ See Annex C for detailed notes on rating methodology for each of the parameters included in the table.

RECOMMENDATIONS

Recommendation 1: The GEF Secretariat, in coordination with the GEF Agencies, should conduct a formal and in-depth survey to more accurately and thoroughly assess the GEF Agencies efforts to reduce greenhouse gas emissions.

ISSUES FOR THE FUTURE

50. The GEF Evaluation Office will investigate why the number of terminal evaluations submitted during fiscal year 2007 was lower than expectations and will report on this in the next APR.

51. The GEF Evaluation Office will work with the GEF secretariat to develop better systems to track project completion.

52. The Evaluation Office will fine-tune the guidelines on how confidential information on GEF activities should be shared with the evaluators, while maintaining the confidentiality of the agencies.

53. The GEF Evaluation Office will work with GEF Secretariat, the Trustee and the GEF Agencies to facilitate better financial reporting for completed projects.

ANNEX A. LIST OF TERMINAL EVALUATIONS REVIEWED DURING FISCAL YEAR 2007

GEF ID	Project Title	Region	Focal Area	Project Type	Agency	Approved GEF Grant
2	Philippines - Samar Island Biodiversity Project: Conservation and Sustainable Use of the Biodiversity of a Forested Protected Area	Asia	BD	FP	UNDP	5.76
4	Vietnam - Hon Mun Marine Protected Area Pilot Project	Asia	BD	MSP	WB	0.97
30	Nepal - Upper Mustang Biodiversity Project	Asia	BD	MSP	UNDP	0.75
110	Regional - Central Asia Transboundary Biodiversity Project	ECA	BD	FP	WB	10.15
128	Brazil - Energy Efficiency Project	LAC	CC	FP	WB	15
245	Lesotho - Conserving Mountain Biodiversity in Southern Lesotho	Africa	BD	FP	UNDP	2.51
264	Syria - Supply-Side Efficiency and Energy Conservation and Planning	Asia	CC	FP	UNDP	4.61
284	Romania - Capacity Building for GHG Emission Reduction through Energy Efficiency	ECA	CC	FP	UNDP	2.27
410	Global - Conservation of Wetland and Coastal Ecosystems in the Mediterranean Region	Global	BD	FP	UNDP	13.42
445	China - Barrier Removal for the Widespread Commercialization of Energy-Efficient CFC-Free Refrigerators in China	Asia	CC	FP	UNDP	9.86
505	Pakistan - Mountain Areas Conservancy Project (MACP)	Asia	BD	FP	UNDP	10.1
573	Kenya - Removal of Barriers to Energy Conservation and Energy Efficiency in Small and Medium Scale Enterprises	Africa	CC	FP	UNDP	3.19
595	Global - Solar Development Group (SDG)	Global	CC	FP	WB	10
597	Regional - Building Partnerships for the Environmental Protection and Management of the East Asian Seas	Asia	IW	FP	UNDP	16.22
618	Bangladesh - Aquatic Biodiversity Conservation	Asia	BD	FP	WB	5
620	Bolivia - Sustainability of the National System of Protected Areas	LAC	BD	FP	WB	15
643	Mexico - Renewable Energy for Agriculture	LAC	CC	FP	WB	8.9
661	Suriname - Conservation of Globally Significant Forest Ecosystems in Suriname's Guayana Shield	LAC	BD	FP	UNDP	9.54
681	Panama - Effective Protection with Community Participation of the New Protected Area of San Lorenzo	LAC	BD	MSP	WB	0.75
766	Uruguay - Landfill Methane Recovery Demonstration Project	LAC	CC	MSP	WB	0.98
770	Global - Millennium Ecosystem Assessment	Global	BD	FP	UNEP	6.96
801	Slovak Republic - Central European Grasslands - Conservation and Sustainable Use	ECA	BD	MSP	WB	0.75
814	Regional - Coral Reef Monitoring Network in Member States of the Indian Ocean Commission (COI), within the Global Reef Monitoring Network (GCRMN)	Africa	BD	MSP	WB	0.74
836	Global - Critical Ecosystems Partnership Fund (CEPF)	Global	BD	FP	WB	25
847	Nicaragua - Renewable Energy and Forest Conservation: Sustainable Harvest and Processing of Coffee and Allspice	LAC	MF	MSP	WB	0.75
913	Philippines - Biodiversity Conservation and Management of the Bohol Islands Marine Triangle	Asia	BD	MSP	UNDP	0.74
914	Latvia - Economic and Cost-effective Use of Wood Waste for Municipal Heating Systems	ECA	CC	MSP	UNDP	0.75

981	Regional - Community-based Management of On-farm Plant Genetic Resources in Arid and Semi-arid Areas of Sub-Saharan Africa	Africa	BD	MSP	UNEP	0.75
984	Mongolia - Dynamics of Biodiversity Loss and Permafrost Melt in Lake Hovsgol National Park	Asia	MF	MSP	WB	0.83
1058	Regional - Pacific Islands Renewable Energy Programme (PIREP)	Asia	CC	MSP	UNDP	0.7
1261	Papua New Guinea - Community-based Coastal and Marine Conservation in the Milne Bay Province	Asia	BD	FP	UNDP	3.55
1311	South Africa - Pilot Production and Commercial Dissemination of Solar Cookers	Africa	CC	MSP	UNDP	0.8
1325	Regional - Institutional Strengthening and Resource Mobilization for Mainstreaming Integrated Land and Water Management Approaches into Development Programs in Africa	Africa	MF	MSP	WB	1
1384	Global - Biodiversity Indicators for National Use	Global	BD	MSP	UNEP	0.82
1410	Regional - Biodiversity Conservation and Integration of Traditional Knowledge on Medicinal Plants in National Primary Health Care Policy in Central America and Caribbean	LAC	BD	MSP	UNEP	0.75
1477	Vietnam - Conservation of Pu Luong-Cuc Phuong Limestone Landscape	Asia	BD	MSP	WB	0.75
1646	Russian Federation - Cost Effective Energy Efficiency Measures in the Russian Educational Sector	ECA	CC	MSP	UNDP	1
1851	Regional - Protection of the North West Sahara Aquifer System (NWSAS) and related humid zones and ecosystems	Africa	IW	MSP	UNEP	0.6
2067	Global - Fostering Active and Effective Civil Society Participation in Preparations for Implementation of the Stockholm Convention. (NGO-POPs Elimination Project).	Global	PP	MSP	UNEP	1
2194	Russian Federation - Developing the Legal and Regulatory Framework for Wind Power in Russia	ECA	CC	MSP	WB	0.73
2344	Regional - Desert Margins Programme (DMP) Tranche 2 - Africa	Africa	BD	FP	UNEP	5.62
3036	Regional - Supporting Capacity Building for the Third National Reporting to CRIC-5/COP-8 (Asia Pacific)	Asia	LD	MSP	UNDP	0.51

ANNEX B: WORKING NOTES ON PERFORMANCE MATRIX

1. Project Outcomes

Although the figures on project outcomes are projected to be four-year moving averages based on the terminal evaluation reports submitted in the preceding years, including the fiscal year for which the APR is being presented, the figures presented in this year's APR are based on the terminal evaluation reports submitted during three fiscal years: 2005, 2006 and 2007. This is because project outcomes had not been assessed for the fiscal year 2004 cohort. The aggregate figures are weighted averages, with each project considered having equal weight.

2. Quality of Supervision and Adaptive Management

The figures presented on quality of supervision and adaptive management are based on the findings of the "pilot assessment of project supervision" presented in the fiscal year 2006 APR. The projects considered for this assessment were under implementation during fiscal year 2005 and/or 2006. The figures will be updated every two to three years through follow up assessments.

3. Project Preparation Elapsed Time

The figures presented for project preparation elapsed time will indicate average number of months required to prepare projects. The data on this parameter will be provided by the agencies and the GEF Secretariat data base. These figures will be updated biennially. This year no figures are provided for this parameter yet.

4. Project Implementation Completion Delays

The information presented in the terminal evaluation reports is the primary source for this parameter. The figures for implementation completion delays are projected to be four year averages and are based on the information provided in the terminal evaluation reports. However, in this year's APR the figures provided are based on a three-year period (terminal evaluation reports submitted during fiscal year 2005, 2006 & 2007).

5. Materialization of Co-financing

The figures for materialization of cofinancing pertain to projects whose terminal evaluations were submitted to the Office during the fiscal years 2004, 2005, 2006 and 2007. The analysis is based on the information provided by the implementing agencies in the terminal evaluation reports or through other communications. These figures have been not been verified.

6. Independence of the central evaluation units of the agencies

This year, the GEF Evaluation Office has started a consultation process with Evaluation Offices of GEF Agencies so as to define an appropriate way forward on assessing their independence. Broadly the assessment provided on this parameter will be based on self reporting by the agencies and peer reviews carried out in the context of the Evaluation Cooperation Group of the Banks (ECG) and the United Nations Evaluation Group (UNEG). The charter and mandate of the various evaluation units will also provide

evidence of their degree of independence. This year no ratings are provided on this parameter yet.

7. Independence of terminal Evaluations

Independence of terminal evaluations will be appraised through the assessment of the process followed for conducting terminal evaluations through field verifications and it will be based on the interviews of the relevant staff and consultants of the partner agencies. This will allow the Office to assess the extent to which systems in the partner agencies are conducive to unbiased and candid terminal evaluations. Following dimensions will be assessed to provide rating on this parameter:

- Extent to which the drafting of the TORs is independent from the project management team.
- Extent to which and the recruitment of the evaluator was independent from the project management team.
- Extent to which the agency recruited the appropriate evaluator for the project
- Extent to which the evaluator had adequate resources (budget and time) to carry out the evaluation.
- Extent to which the M&E system provide access to timely and reliable information
- Extent to which there was any undue pressure from the management on the evaluators regarding the evaluation process (site selection, selection of informants, confidentiality during interviews, information disclosure, ratings, etc.).
- Extent to which the evaluation go through an independent review process.

Ratings will be provided on this parameter when field verifications become a regular feature of the APR.

8. Realism of Risk Assessment

The figures for realism of risk assessment are based on the findings of the “pilot assessment of project supervision” for “candor and realism of supervision reporting” presented in the fiscal year 2006 APR. The projects considered for this assessment were under implementation during fiscal year 2005 and/or 2006. The figures will be updated after a two to three year period through follow up assessments.

9. Robustness of program result indicators and tracking tools

The assessment of robustness of program result indicators and tracking tools will remain unreported in the 2007 APR. Given the highly specialized and technical nature of this assessment, the Evaluation Office will take up this exercise as part of the program studies for OPS 4 in FY 2008 enlisting the assistance of the appropriate technical experts.

10. Quality assurance of project M&E arrangements at entry

The assessment on quality assurance of project M&E arrangements at entry was carried out for APR 2005 and is based on a review of the M&E plans of the project appraisal

documents that were CEO Endorsed in that fiscal year. The Evaluation Office will update the ratings on this parameter every two to three years through follow up assessments.

11. Quality of project M&E during implementation

Figures on quality of project M&E during implementation are based on the review of the terminal evaluation reports submitted to the Evaluation Office. The figures need to be four year running averages of the percentage of projects rated moderately satisfactory or above in M&E during implementation. However, for this APR the figures reported in the matrix are a weighted average, with each project having equal weight, of the data from the review of the reports submitted during fiscal year 2006 and 2007. In due course as data for subsequent cohorts becomes available the presented figures will shift to a four year running average.

12. Quality of project terminal evaluation

Figures on quality of terminal evaluation reports are based on the ratings provided by the Evaluation Office after their review. For this parameter two year running averages are being used, with each project having equal weight. The figures presented in the matrix pertain to fiscal year 2006 and 2007.

13. Quality of learning: improvement in performance

The performance matrix will also report through an assessment of the improvement demonstrated by GEF Agencies and Institutions on the other parameters, other than the management action record, included in the performance matrix. This section of the matrix will be accompanied by a narrative that explains the areas in which learning has taken place and will also identify the specific changes or factors that have contributed to improved performance.

- Significantly improved or maintained excellent performance (4)
- Marginally improved or maintained good performance (3)
- Marginally deteriorated or maintained mediocre performance (2)
- Significantly deteriorated or maintained poor performance (1)

In this performance matrix, only the changes in quality of terminal evaluations (xii) have been reported on. A two year running average of quality ratings for the terminal evaluation reports submitted during fiscal year 2006 and 2007 has been compared with the baseline for the fiscal year 2004 and 2005 cohort.