

## ***GEF Annual Performance Report 2005***



The Annual Performance Report (APR) prepared by the Evaluation Office of the Global Environment Facility (GEF) provides

an assessment of the results of the completed projects of the GEF, the processes that affect the accomplishment of results, and the oversight of project monitoring and evaluation (M&E) across the portfolio. The APR provides the GEF Council and other GEF institutions and stakeholders with feedback to help improve the performance of GEF projects.

The 2005 APR includes an assessment of project outcomes, project sustainability, delays in project completion, materialization of cofinancing, and quality of M&E arrangements.

- For the assessment of project outcomes, project sustainability, and delays in project completion, the 41 projects—accounting for \$260 million in GEF investment—for which terminal evaluation reports were received in fiscal year 2005 were considered.
- For the cofinancing assessment, the APR drew on the universe of 116 projects with terminal evaluation reports submitted after January 2001. Of these, 70 (60 percent) provided information on actual materialization of cofinancing; these projects represent a total of \$380 million for which the GEF has been able to leverage an additional \$1.77 billion in cofinancing.
- For assessment of quality of M&E arrangements, the 74 full-size projects that were endorsed by the GEF Chief Executive Officer in fiscal year 2005 were considered. The GEF has approved an overall investment of \$535 million in these projects.

As in 2004, this APR includes an assessment of quality of project monitoring and quality of terminal evaluation reports submitted by the Implementing Agencies. For this assessment, 83 terminal evaluations submitted in fiscal years 2004 and 2005 were considered. The GEF invested about \$460 million in these 83 projects.

### **Findings**

**Results.** The Evaluation Office rated project outcomes based on the level of achievement of project objectives and expected outcomes. Most of the completed GEF projects assessed this year have acceptable performance in terms of outcomes and sustainability, specifically:

- Of the 41 GEF projects reviewed in fiscal year 2005, 88 percent were rated moderately satisfactory or above in their outcomes.
- In terms of the effectiveness of use of GEF funds, 95 percent of the \$260 million allocated to the projects reviewed in fiscal year 2005 went to projects that achieved moderately satisfactory or better outcomes.

The Evaluation Office rated sustainability based on four key criteria: financial resources, sociopolitical issues, institutional framework and governance, and replication.

- Seventy-six percent of the projects reviewed in fiscal year 2005 were rated moderately likely or above in terms of their sustainability.
- In terms of GEF funding, 80 percent of the allocated funds went to projects with a sustainability rating of moderately likely or better.

**Processes.** The projects examined have realized almost all cofinancing promised at project inception, except for global projects and those in Africa.

- Most of the projects achieved their promised cofinancing at inception. On average, projects were promised \$4.40 per GEF dollar and achieved \$4.10 per GEF dollar.
- The projects with higher promised cofinancing as a percentage of GEF funds tended to meet the expected cofinancing better than projects with lower promised cofinancing as a percentage of GEF funds.

- The Latin America and the Caribbean region has the highest level of actual cofinancing, with 141 percent of promised cofinancing actually materializing.

Excessive delay in project completion is associated with lower performance. Outcome and sustainability ratings tend to be lower for projects with completion delays of greater than 24 months. This association does not imply causality, because excessive delay in project completion is more likely to be a result of other factors than an underlying cause affecting outcomes and sustainability.

**M&E.** The quality of monitoring shows signs of improvement, but much work remains to be done.

- Compared to fiscal year 2004, there was an improvement in the quality of project monitoring systems in fiscal year 2005. Projects with moderately satisfactory or better ratings increased from 39 percent to 52 percent.
- The actions taken by the Implementing Agencies to address weaknesses in project monitoring systems have led to improvements. However, 24 percent of the projects had monitoring systems rated moderately unsatisfactory or worse, and 20 percent of the terminal evaluation reports submitted to the Evaluation Office did not provide sufficient information to rate project M&E.

A substantial proportion of projects did not meet the 2003 minimum M&E requirements at entry and would not have met the minimum requirements of the new M&E policy.

M&E concerns are not being adequately addressed due to various gaps and weaknesses in the present review process:

- There is insufficient guidance for GEF Secretariat reviewers to address M&E issues adequately and consistently.
- Standards applied by the GEF Secretariat in assessing design vary.
- Although focal area task forces are developing project-level indicators and tracking tools, these are not yet sufficiently developed to measure project-level results adequately.

The present project-at-risk systems at the GEF partner Agencies vary greatly and may have to address such is-

sues as insufficient frequency of observations, robustness and candor of assessments, overlap and redundancy, and independent validation of risk. Additionally, managers and staff worry about the proliferation of monitoring and reporting systems and staff reporting burdens.

Overall quality of terminal evaluation reports is improving, but there are still some areas where major work is necessary. In particular, the reports continue to be weak in assessing quality of monitoring; this is especially true of terminal evaluation reports in the climate change focal area. They also frequently fail to report on actual costs.

## Recommendations

- The GEF Secretariat should redraft project review guidelines and standards to ensure compliance with the new M&E minimum requirements. Further consideration should also be given to ways to enhance the contribution of Scientific and Technical Advisory Panel reviews.
- The GEF Secretariat should support focal area task forces with corporate resources to develop indicators and tracking tools to measure the results of GEF operations in the various focal areas.
- The ongoing work of the Implementing Agencies to improve the quality of terminal evaluations should continue. Implementing Agency terminal evaluation reports still have major information gaps and are weak in terms of assessing project monitoring systems and in reporting actual project costs, including total costs and a breakdown by activity of GEF funding and cofunding.

The GEF Evaluation Office is an independent entity reporting directly to the GEF Council, mandated to evaluate the focal area programs and priorities of the GEF.

The *GEF Annual Performance Report 2005* (Evaluation Report No. 31, 2006) is available on the GEF Evaluation Office Web site at [www.thegef.org](http://www.thegef.org) (in the Publications section). The GEF Management Response is presented in annex H. For more information, please contact the GEF Evaluation Office at [gefevaluation@thegef.org](mailto:gefevaluation@thegef.org).