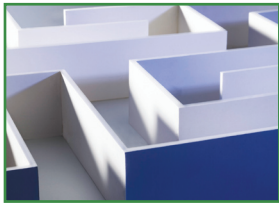


Joint Evaluation of the GEF Activity Cycle and Modalities



The bulk of Global Environment Facility (GEF) support has been provided through projects, yet the cycle for developing, appraising, and approving projects is widely regarded as complex, long, and costly. The need to simplify the cycle has been highlighted almost since the GEF began, but virtually none of the several attempts since 1998 to reform GEF procedures has made a difference. In the GEF Activity Cycle, GEF requirements and decision points are superimposed on the standard project cycles of each of the GEF Agencies throughout the phases of concept development, preparation, approval and supervision, and completion and evaluation.

This evaluation aimed to help improve the effectiveness, efficiency, and cost effectiveness of GEF Activity Cycle operations. It was conducted jointly with the evaluation offices of the 10 Implementing and Executing Agencies, under the leadership of the GEF Evaluation Office.

Findings

GEF cycle management lags international good practice, and the excessive length of the GEF Activity Cycle erodes the GEF's credibility as an attractive partner. This underperformance is due to a complex set of interlinked issues involving virtually all actors in the GEF. The uneven disclosure of information and a lack of transparency in the GEF aggravate these root causes.

The GEF Activity Cycle is not effective, and the situation has grown worse. The GEF cycle is not effective in producing projects in a timely manner. Less than 40 percent of 1,926 proposed projects had started by January 2006. The cycle phases do not produce their documents, and the GEF takes a long time in reaching a decision to clear the project to move to the next phase. Proposals presented for approval are more frequently from an earlier

replenishment period, which has negative implications for the innovative and catalytic nature of the GEF.

After 16 years, the ratio of completed projects is 16 percent of all 1,292 full-size project (FSP) proposals. Proposals also drop out in the cycle (18 percent of total FSPs).

The GEF Activity Cycle is not efficient, and the situation has grown worse. The average length of the cycle increased during each GEF replenishment period. FSPs approved during GEF-1 took an average of 36 months from approval for project development facility block A funding for concept development until project start. This elapsed time increased to 50 months in GEF-2 and to 66 months in GEF-3. The main increase in elapsed time occurs before project approval, for concept review, formulation, and appraisal. Delays in processing GEF projects are due to increasing GEF complexity, duplication and lack of synchronization in the cycle, the additional burden posed by GEF procedures, a multiplicity of gatekeepers, and a lack of trust among the partners.

The GEF Activity Cycle is not cost effective. The evaluation found no relationship between the time spent by proposals in the cycle and subsequent performance ratings during implementation or completion. Thus, there is no proof that weak proposals take longer to formulate or that the additional time proposals spend before approval leads to more successful projects.

Considerable energy is spent on obtaining quality on paper but with limited value added in substantive terms. GEF projects experience the same implementation challenges as other aid projects. Cycle delays in approval and appraisal create disruptions between project preparation and implementation.

The GEF modalities have not made full use of trends exhibited by the GEF Agencies and partner countries

in moving toward new forms of collaboration; fostering ownership; and promoting flexibility, efficiency, and results. The recent proliferation of new types of modalities (and associated terminology) in the GEF is linked to the inability of the regular cycle to respond to different needs. Greater clarity is needed with regard to the terms, definitions, application, and policies associated with the various types of GEF projects and modalities. In line with a need for long-term vision and support on the GEF's part, programmatic frameworks, umbrella projects, and tranching and phased projects are tools that should be used more systematically.

Recommendations

No easy fix will improve the GEF Activity Cycle. Rather, a radical revision is needed, maintaining the quality and attributes for GEF funding.

- A shift toward results-based management will ensure quality during implementation and enable a dramatic reduction of the detailed information currently required in the formulation and appraisal stages.
- The identification phase should simply establish project eligibility, whether resources are in principle available, and whether the concept is endorsed by recipient countries.
- The work program as presented to the GEF Council should move toward the strategic level.

- Fully documented project proposals should be endorsed by the GEF Chief Executive Officer (CEO) on a rolling basis.

The overhaul of the cycle should increase transparency and predictability and decrease transaction costs. Recent developments in institutional capacity and cofinancing lay a foundation for a new way of doing business. The following principles can be applied under the banner of overall simplification:

- Consistency with the GEF Instrument regarding operational modalities
- Employing the comparative advantages of the different parts of the GEF system
- Working within the emerging Resource Allocation Framework
- Establishing performance benchmarks for the cycle
- Ensuring regular monitoring and cleanup of proposals
- Allowing scope for proposals that are well embedded in programmatic approaches

Follow-Up

In June 2007, the GEF Council approved a new project cycle for immediate application, noting that the cycle ensures Council oversight, CEO authority to determine the composition of the work programs, and Council review of final project documents prior to GEF CEO endorsement.

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 *Joint Evaluation of the GEF Activity Cycle and Modalities* (Evaluation Report No. 33, 2007) is available on the GEF Evaluation Office Web site at www.thegef.org (in the Publications section). The GEF Management Response is presented in annex C. For more information, please contact the GEF Evaluation Office at gefevaluation@thegef.org.