

GEF Annual Performance Report 2006



Photo: Curt Carnemark, World Bank

The Annual Performance Report (APR) is prepared each year by the Evaluation Office of the Global Environment Facility (GEF). It presents an account of particular aspects of project results, of processes that may affect project results, and of monitoring and evaluation (M&E) arrangements in completed projects. The APR aims to provide the GEF Council, the Implementing Agencies, and other GEF stakeholders with feedback to help improve the performance of GEF projects.

Following on previous APRs, the APR 2006 includes information on GEF project outcomes, sustainability, cofinancing, quality of M&E, and quality of terminal evaluations. It also assessed, for the first time, the quality of supervision of GEF projects by the respective Implementing Agency—the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), and the World Bank.

The findings reported in the APR are based on various sources of information:

- Findings on project outcomes and sustainability, materialization of cofinancing, delay in project completion, quality of monitoring, and quality of terminal evaluation reports are based on a review of terminal evaluation reports for completed GEF projects.
- Findings on quality of supervision are based on an assessment of a sample of GEF projects that are under implementation through review of project documents, field supervision visit records, and interviews with project staff.

Findings

Completed GEF projects remain on target for achieving the 75 percent satisfactory outcomes agreed upon

in the GEF-4 (2006–10) replenishment agreement. Of the completed GEF projects assessed and rated this year, 84 percent were rated moderately satisfactory or above for achievement of outcomes. Sixty-five percent were rated moderately likely or above for sustainability of outcomes. Sixty-one percent achieved both a moderately satisfactory or above rating for outcomes and a moderately likely or above rating for sustainability of outcomes.

Materialization of cofinancing is on track. For completed projects for which terminal evaluations were submitted in fiscal year 2006, an average of 114 percent of promised cofinancing was reported to have materialized. (The GEF fiscal year is from July 1 to June 30.) Expressed in financial terms, for every dollar of approved GEF grant funding, an average of \$2.10 in cofinancing had been promised and \$2.40 was reported to have materialized.

Although the majority of GEF projects receive moderately satisfactory supervision, the level of attention given to this task by the GEF partner Agencies varies greatly. Supervision for about three-fourths of the sampled projects was rated at the minimum standard of performance (moderately satisfactory), but there is substantial scope for improvement. There is some evidence that resource constraints, lack of management attention, and issues of decentralization are contributing factors to weaknesses in supervision. Overall, UNEP does not adequately supervise a majority of its GEF projects. UNEP does generally meet its fiduciary requirements, however, and has improved its supervision since the appointment of a GEF UNEP portfolio manager.

Project information reporting tends to yield an unrealistically optimistic picture of the GEF portfolio's health and of project risks. The assessment found a marked tendency among GEF partner Agencies to rate project progress as fully satisfactory despite reported problems involving implementation delays, government commitment,

and long-term sustainability. Little attention is given to possible unintended effects of projects.

UNDP and UNEP do not sufficiently involve social and institutional specialists in supervision where this would have been appropriate. Only the World Bank systematically involves social and institutional specialists in project supervision. The Bank has a system of “do no harm” safeguard policies, which require all projects to be formally screened by specialists for potential safeguard issues; where such issues are identified, they mandate the development (and supervision) of mitigation plans. UNDP has prepared a strategy on social issues, but there is no indication that it has been made operational in project supervision. UNEP has no policy and no actual practice of involving social and institutional experts in supervision of the sampled projects.

A substantial proportion of terminal evaluation reports do not adequately cover issues such as sustainability, cofinancing, and M&E. Of the 66 terminal evaluation reports submitted in fiscal 2006, 20 (30 percent) did not provide sufficient information on project monitoring, and 12 (18 percent) did not provide sufficient information on sustainability of outcomes, to allow the Evaluation Office to rate performance on these parameters. Furthermore, 29 percent of the terminal evaluation reports did not provide information on materialization of cofinancing.

The APR also reported on **Management Action Records** (MARs). The MARs for the fiscal 2006 cycle track manage-

ment actions on 36 GEF Council decisions. The Evaluation Office rated 12 (33 percent) of these decisions as having been adopted by management at high or substantial levels. For the majority of the decisions (20, or 56 percent), the Evaluation Office rated management’s decision adoption to be medium. For one decision, which pertained to increasing transparency in the GEF project approval process, management’s decision adoption was rated as negligible by both management and the Evaluation Office. At the time the ratings were given, it was not possible to ascertain the level of decision adoption for three decisions.

Recommendations

- UNDP and UNEP need to involve social and institutional expertise in project supervision where appropriate.
- Special attention is required to ensure continued and improved supervision in the new project cycle by ensuring adequate funding from project fees.
- UNEP should develop a systemic approach to supervision of its GEF portfolio.
- All GEF Agencies need to ensure that terminal evaluation reports include adequate information on sustainability of outcomes, quality of M&E systems, and reporting on cofinancing, in line with minimum requirement 3 of the GEF M&E Policy.

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 full version of the *GEF Annual Performance Report 2006* (Evaluation Report No. 38, 2008) is available in the Publications section of the GEF Evaluation Office Web site, www.gefeo.org. For more information, please contact the GEF Evaluation Office at gefevaluation@thegef.org.