

# OPS5

FIFTH OVERALL PERFORMANCE STUDY OF THE GEF

## THE GEF PORTFOLIO

OPS5 Technical Document #1



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**The GEF Portfolio**

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The GEF Trust Fund (GET) has been the primary source of funds for grants made by the GEF. In addition to GET, GEF also administers the Least Developed Countries Fund (LDCF), the Special Climate Change Fund (SCCF) and the Nagoya Protocol Implementation Fund (NPIF). As of 30<sup>th</sup> of September 2012, the GEF had provided a total funding of US \$ 12.02 billion dollars through these trust funds (table 1). This note on the GEF project portfolio focuses on the funding provided through the GET. Overall, 3114 projects that account for US\$ 11.35 billion in GEF grants had been funded through GET by September 30<sup>th</sup> 2012.

**Table 1: Utilization of Trust Funds Administered by the GEF (in US \$ m)**

	Pilot Phase	GEF - 1	GEF - 2	GEF - 3	GEF - 4	GEF - 5	Total
GEF Trust fund	\$694	\$1,143	\$1,862	\$2,956	\$2,753	\$1,944	\$11,351
LDCF	—	—	—	\$10	\$117	\$306	\$433
SCCF	—	—	—	\$14	\$84	\$124	\$222
NPIF	—	—	—	—	—	\$11	\$11
<b>Total</b>	<b>\$694</b>	<b>\$1,143</b>	<b>\$1,862</b>	<b>\$2,980</b>	<b>\$2,953</b>	<b>\$2,385</b>	<b>\$12,017</b>

Among the focal areas, biodiversity accounts for the maximum number of projects funded through the GEF Trust Fund (table 2). In dollar terms, Climate Change and Biodiversity focal areas account for higher share than other focal areas (table 3). A sizable proportion of GEF funding for biodiversity, land degradation, international waters and climate change focal area is also provided through multi-focal area projects. The funds provided through the multi-focal area projects have not been disaggregated into funding for different focal areas - therefore, the share in funding for individual focal areas is an underestimate. Compared to the figures presented in the OPS-4 report, there are slight differences in the portfolio figures presented in the First Report of OPS-5. The reasons for these differences are explained in Annex 1.

**Table 2: Number of Projects by Focal Area**

	Pilot Phase	GEF - 1	GEF - 2	GEF - 3	GEF - 4	GEF - 5	All Phases
Biodiversity	61	202	283	243	272	123	1184
Climate Change	35	138	209	173	204	73	832
International Waters	13	14	47	54	61	8	197
Land Degradation	—	—	1	96	41	26	164
Multi Focal Area	2	7	31	197	110	87	434
Ozone Depleting Substances	2	12	7	4	3	2	30
Persistent Organic Pollutants	—	—	45	96	80	52	273
<b>All Focal Areas</b>	<b>113</b>	<b>373</b>	<b>623</b>	<b>863</b>	<b>771</b>	<b>371</b>	<b>3114</b>

Multi-focal area projects address global environmental concerns that are relevant to more than one GEF focal area. They also receive funding from more than one GEF focal area. During the pilot phase only 2.3 percent of the total GEF funding was for multi-focal area projects and programs. The share of multi-focal area in GEF funding has been increasing steadily ever since. During GEF-3 although a part of the increase in share of multi-focal area was due to expansion of SGP, start of National Capacity Self-Assessment program and start of some other smaller programs, much of the increase in share was due to independent (non-programmatic) projects. The increase in share during GEF-4 was, however, largely due to greater support for programmatic approaches within GEF. The trend of increase in share of multi-focal area projects and program in GEF funding has accelerated during GEF-5. Up to September 30<sup>th</sup> 2012, US \$ 1,944 million of the GEF-5 focal area programming funds had been utilized of which multi-focal area projects accounted for 891 million (46 percent) (see table 3). This increase has been a result of expansion of SGP and other programmatic approaches, and also additional incentives provided by the GEF for projects that address concerns related to sustainable forest management (SFM).

As was the case in GEF-4, Ozone Depleting Substances focal area continues its declining trend. Compared to GEF-4, International Waters and land degradation focal area show a significant decline.

**Table 3: GEF Funding by Focal Area (in US \$ million)**

Focal Area	Pilot Phase	GEF-1	GEF-2	GEF-3	GEF-4	GEF-5	Grand Total
Biodiversity	323	424	710	867	690	313	3,327
Climate Change	231	433	617	901	733	432	3,349
International Waters	121	122	301	357	253	77	1,231
Land Degradation	-	-	3	217	264	51	535
Multi Focal Area	16	51	161	443	559	891	2,121
Ozone Depleting Substances	4	112	42	21	11	5	195
Persistent Organic Pollutants	-	-	27	150	243	174	593
<b>Grand Total</b>	<b>694</b>	<b>1,143</b>	<b>1,862</b>	<b>2,956</b>	<b>2,753</b>	<b>1,944</b>	<b>11,351</b>

The GEF provides funding through four basic modalities: full-size project (FSP), medium-size project (MSP), enabling activity (EA), and the Small Grants Programme (SGP). During GEF-5 the full size projects continue to be the main modality of the GEF and continue to account for an overwhelming majority of GEF funding. The increase in the share of medium size projects in GEF funding in GEF-4 seems to have been reversed during GEF-5. In its meeting in November 2012, the Council decided to increase the funding limit for the MSPs from US \$ 1.0 million to US \$ 2.0 million. This increase in funding limit may provide greater incentives for MSPs. However, this change is yet to reflect on the portfolio that is being considered for the First Report of OPS-5. Compared to GEF-3 and GEF-4, in terms of funding SGP accounts for a higher share of portfolio during GEF-5. A part of this increase in share is explained by the fact that much of the funding for SGP is front loaded, however, much of the increase is real and explained by increased preference for the modality.

**Table 4: GEF Funding by Modality (Million \$)**

Modality	Pilot Phase	GEF - 1	GEF - 2	GEF - 3	GEF - 4	GEF - 5	All Phases
Full Size Project	648 (93%)	1,040 (91%)	1,569 (84%)	2,517 (85%)	2,346 (85%)	1,686 (87%)	9,806 (86%)
Medium Size Project	— (—)	7 (1%)	126 (7%)	142 (5%)	216 (8%)	25 (1%)	516 (5%)
Enabling Activity	34 (5%)	70 (6%)	91 (5%)	132 (4%)	21 (1%)	16 (1%)	364 (3%)
SGP	13 (2%)	26 (2%)	75 (4%)	165 (6%)	169 (6%)	216 (11%)	664 (6%)
<b>Total</b>	<b>694 (100%)</b>	<b>1,143 (100%)</b>	<b>1,862 (100%)</b>	<b>2,956 (100%)</b>	<b>2,753 (100%)</b>	<b>1,944 (100%)</b>	<b>11,351 (100%)</b>

The GEF-4 period shows major shifts in the relative share of the agencies. The continued decline in the World Bank’s share accelerated during GEF-4, whereas that of UNDP, UNEP and other executing agencies showed some gains (Figure 1). During GEF-5 the share of the World Bank appears to have stabilized at the GEF-4 levels. The share of UNDP and UNEP has shown marginal decline whereas the share of other agencies, that includes ABD, IADB, FAO, and UNIDO, continued its increase and now account for 25 percent of GEF-5 funding.

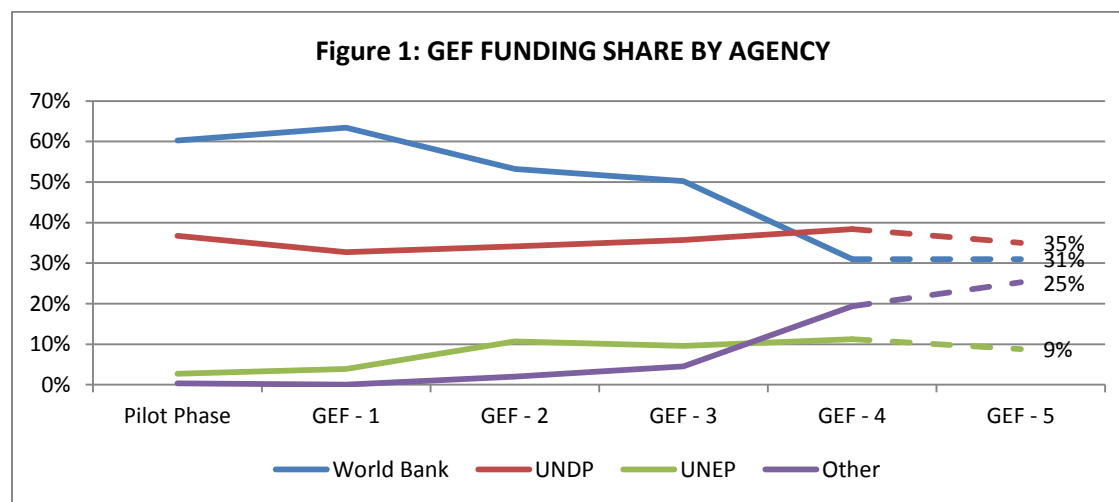
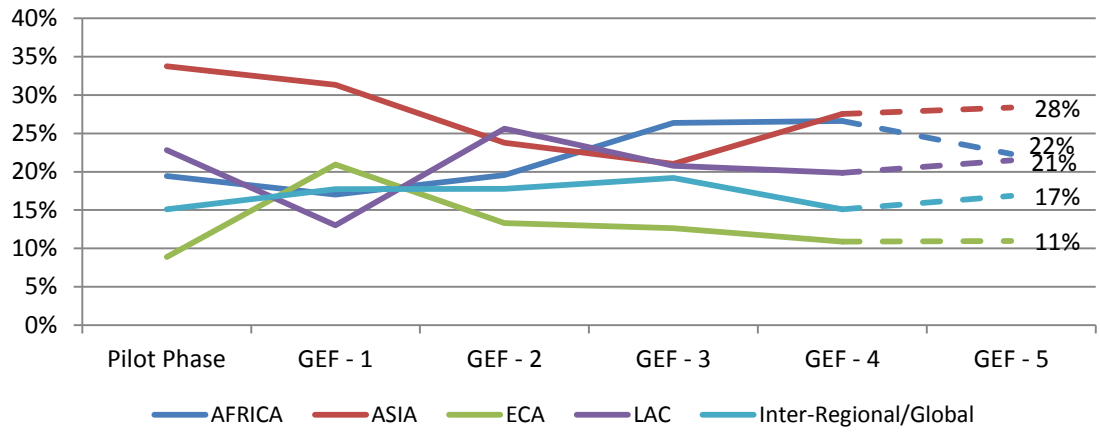


Figure 2 shows changes in GEF funding share by regions across the GEF phases. The share of Asia has continued to grow from GEF-3 to GEF-5, however, the increase during the GEF-5 has been marginal. The shares of Latin America and Inter-regional/Global projects have also shown some increase during GEF-5. The share of Africa has shown some decrease in share. Much of this decrease may be due to slower pace of resource utilization during the first two years and likely to pick up during the remaining period of GEF-5. In GEF-4 too, during the first two years the resource utilization in Africa was slower than other regions but picked up during the remaining period.

**Figure 2: GEF FUNDING SHARE BY REGION**



## Annex: Methodology for defining the GEF Portfolio

### Defining the portfolio

The GEF portfolio First Report of OPS-5 covers the period up to September 30<sup>th</sup> 2012. The Final Report of OPS-5 will be able to cover the period of up to June 30<sup>th</sup> 2013. Thus, the OPS-5 portfolio presented in the First Report of OPS-5 is provisional.

The projects/project proposals included in the portfolio comprise of those that have been funded through the GET. It also includes project that, in addition to funding from the GET, are also financed through other trust funds administered by the GEF. However, for such projects only the grant provided from the GET has been accounted for.

The project portfolio comprises of approved projects with some exclusions. Projects that have been dropped have been excluded. Similarly, projects that were canceled without utilization of approved or disbursed amounts have also been excluded. The project portfolio also includes tranches that were approved for SGP.

### Aggregate GEF Funding

For projects that have been completed, and where data from the Trustee on utilization of GEF funding was available, the actual utilization figures have been used. For other completed projects and also projects that are under implementation the GEF grant at CEO Endorsement or CEO Approval has been used as a proxy for the utilized amount. For the projects that have been CEO Endorsed or Approved but where implementation has not yet started, the GEF grant at Endorsement or Approval has been used. For the remainder the PIF approval amounts have been used.

### *Comparison of Figures reported First Report of OPS-5 versus OPS-4 report*

#### Annex 1.a Comparison of the project portfolios for OPS-4 and for the first report of OPS-5

	Pilot Phase	GEF-1	GEF-2	GEF-3	GEF-4	GEF-5	Total
Total number of approved project reported in OPS-5	113	373	623	863	771	371*	3114
Total number of approved project reported in OPS-4	114	378	628	793	476*	—	2389

\* OPS4 data for GEF4 is up to June 30th 2009. OPS-5 first report data for GEF-5 is up to September 30th 2012.

While there is little difference in the number of projects in portfolios for the Pilot Phase, GEF-1 and GEF-2, there are significant differences in the portfolio for GEF3 and GEF-4. The reasons for the differences are as follows:

- For GEF-4 a major part of the difference is explained by the period reported on in the OPS-4 report for GEF4 was only up to June 30th 2009 - a year less than its actual duration. The First Report of OPS-5 reports on the entire GEF-4 period.



- OPS-4 reporting was based on approved projects. During the data cleaning effort undertaken for OPS-5 several additional projects from the pilot phase, GEF-1 and GEF-2 replenishment periods were identified to have been canceled without disbursement or utilization of GEF funding. These projects have been excluded from the GEF portfolio for OPS-5.
- Some of the projects - especially for GEF3 and GEF-4 - had been misclassified in the PMIS database used for OPS-4. Subsequently these have been corrected due to cleaning efforts undertaken by the GEF Secretariat and the effort undertaken by the EO.
- Another factor is the increasing use of a programmatic approach. Several of the projects that have been classified as GEF-3 projects were approved during the GEF-4 period. Since these projects - even though approved during GEF-4 - drew resources from a programmatic set aside approved in GEF-3 they were classified as GEF-3 projects. This retroactive assignment of projects to parent programs has led to increase in number of GEF-3 projects.

The GEF EO has been able to track almost all the projects that were reported on in OPS-4. Thus, the difference between reported portfolios may be explained on a case by case basis for almost all of the projects included or omitted from the portfolio.

#### Annex 1.b: Incidence of Discrepancy in terms of number of projects

	Pilot Phase	GEF - 1	GEF - 2	GEF - 3
Total # of Approved Projects reported in OPS5	113	373	623	863
Total # of Approved Projects reported in OPS4	114	378	628	793
<b>Net Difference</b>	<b>-1</b>	<b>-5</b>	<b>-5</b>	<b>70</b>

#### Annex 1.c. Explanation for Discrepancy in number of projects

Reasons for discrepancy	Pilot Phase	GEF - 1	GEF - 2	GEF - 3
Projects reported in OPS 4 but were Cancelled without Utilization of Disbursement	-5	-10	-10	-1
Updated Phase Classification	-1	1	0	10
Listed as Dropped in PMIS, but evidence to show otherwise	0	0	4	0
Programmatic Approach	0	0	0	50
Other	1	0	-1	0
Unable to Assess	4	4	2	11
<b>Net Difference</b>	<b>-1</b>	<b>-5</b>	<b>-5</b>	<b>70</b>





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