

## ***GEF Annual Performance Report 2004***



The Global Environment Facility (GEF) has a robust tradition in reporting on its project portfolio. Since 1996, Project Performance Reports have been submitted annually to the GEF Council; these were jointly prepared by the GEF's Monitoring and Evaluation (M&E) Unit and the Implementing Agencies. In 2003, the GEF Council made the M&E Unit an independent entity, now known as the GEF Evaluation Office. With this independence, the jointly produced Project Performance Reports needed to be approached in a new way. This premier issue of the GEF Annual Performance Report (APR) represents the first such effort.

The APR aims to present the results of GEF activities, the processes that affect the accomplishment of results, and the findings of the Evaluation Office's oversight of project M&E activities across the portfolio. It seeks to provide the GEF Council, and other GEF institutions and stakeholders, with feedback to help improve the performance of GEF projects.

Future APRs will include chapters covering (1) the results of GEF activities, (2) processes that affect attainment of GEF results, (3) quality of project terminal evaluation reports, and (4) quality of project M&E systems. This year's APR does not address results because these are more comprehensively covered in the recent biodiversity, climate change, international waters, and integrated ecosystem management program studies. Another reason for this omission is that the mixed quality of project terminal evaluations and monitoring systems made a significant portion of the available data unreliable. In subsequent years, the Evaluation Office will verify the achievements of project objectives and the likelihood of sustainability of project outcomes presented in terminal evaluations and will report on these verified achievements.

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### **Findings**

**Processes.** Each year's APR will look at different aspects of the processes affecting the accomplishment of results. The 2004 APR specifically focused on a review of time frames associated with GEF project design. This review found that the average elapsed time from pipeline entry to program inclusion for GEF full-sized projects regularly exceeds the 730-day (24-month) standard expected of routine investment loans or technical assistance grants at multilateral development banks such as the World Bank. The record for medium-sized projects is also well beyond what was originally expected for this type of grant. No major elapsed time differences among Implementing Agencies were detected.

Some of the critical factors affecting the cycle's duration are related to the complexity of the GEF structure and process. These factors include the need to address GEF and Implementing Agency processing steps and the specific characteristics of GEF projects, which include—among others—determining baselines and securing co-financing. Other factors are lengthy approval periods by GEF focal points and other political and institutional issues. At the operational level, the lines between the roles and responsibilities of the GEF Secretariat and Implementing Agency staff have not been clearly and consistently drawn. Additionally, the information systems for effective central coordination and management of the project cycle are not well integrated and maintained by the GEF family, making it difficult to track and monitor project development at the GEF Secretariat level. Finally, the GEF project approval process is not sufficiently transparent, which also contributes to project delays. Although this review is consistent with the findings of other performance reviews and evaluation reports, the GEF needs to establish a more uniform and integrated approach to gathering and maintaining critical data on project cycle time frames.

**Terminal Evaluations.** The review of Implementing Agency terminal evaluations found that most of the World Bank reports (that is, Implementation Completion Reports) were of satisfactory or above quality. United Nations Environment Programme (UNEP) report ratings for fiscal year 2004 showed a slight improvement over those completed between January 2001 and June 2003. On the other hand, United Nations Development Programme (UNDP) terminal evaluation quality ratings exhibited a decline. While there is not sufficient information to interpret this decline as a trend, it is a matter of concern because it contributed disproportionately to the drop in the ratings of the quality of terminal evaluation reports submitted in fiscal year 2004.

Although all three Implementing Agencies could show improvement in this area, more needs to be done by UNDP and UNEP. Particular areas in which reports need to improve are presentation of actual project cost, report consistency, completeness of evidence and convincing substantiation and use of ratings, assessment of sustainability of outcomes, and assessment of relevant outcomes and objectives. In line with international best practices—and for the sake of clarity and standardization—the Evaluation Office has asked the Implementing Agencies to provide ratings on the achievement of objectives/outcomes, sustainability, and quality of M&E systems using a six-scale rating system in terminal evaluation reports.

**M&E Systems.** The analysis of quality of project M&E systems seems to suggest an improvement when comparing projects that started before 1995 with those that started after 1995—the point at which the GEF Council requested that project-level monitoring and evaluation plans be included in all projects approved for GEF funding. However, there is a substantial gap in information, as the quality of project M&E systems is unknown for a large percentage of projects. Specifically, 18 of 75 reports from the period under consideration did not provide sufficient information on their systems. Therefore, the Evaluation Office has asked the Implementing Agencies to include an assessment of project M&E systems in future terminal evaluations.

## Recommendations

- The GEF project approvals process should be made more transparent. The GEF Secretariat and Implementing Agencies should make project proposal status information available to proponents through Internet-accessible databases and project tracking tools.
- The GEF Secretariat should institute an active management approach to the project approvals process, including accountability for processing time standards within the GEF Secretariat and Implementing Agencies.
- UNDP and UNEP should set in place terminal evaluation review processes for GEF projects to improve their quality and meet the concerns of the GEF.
- Recommendations to improve project M&E systems have been issued in the past, as well as requests to include an assessment of project M&E systems in all terminal evaluation reports. While there have been advances in upgrading project M&E systems, there is still considerable room for improvement; the Evaluation Office therefore considers that these recommendations continue to be valid.

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 2004* (May 2005) is available on the GEF Evaluation Office website at [thegef.org](http://thegef.org) (in the Publications section under Program Evaluations and Thematic Studies). 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).