

GEF Annual Performance Report 2009



The Evaluation Office of the Global Environment Facility (GEF) prepares an annual performance report (APR) to present its assessments of project outcomes and sustainability, completion delays, materialization of cofinancing, and quality of monitoring in completed projects. These assessments are based primarily on evidence provided by terminal evaluation reports submitted to the Office by the GEF Agencies. To date, reports have been submitted for 340 projects, which together account for \$1.586 billion in GEF funding. In fiscal year (FY) 2009, reports were received for 55 projects, accounting for \$208 million in GEF funding.

The APR also reports on the adoption status of GEF Council decisions and provides a performance matrix tracking the performance of the GEF Secretariat and Agencies on various parameters. In addition to these regular features, APR 2009 includes findings for special reviews on the GEF approach to cofinancing, Agency fees, and a follow-up assessment on quality of supervision for projects that are under implementation.

Findings and Conclusions

The outcome achievements of 91 percent of the completed projects reviewed for FY 2009 were rated in the satisfactory range. This is higher than the long-term average of 83 percent. Of the GEF investment in the rated FY 2009 project cohort, 92 percent was in projects rated moderately satisfactory or above. The sustainability of outcomes was rated moderately likely or above for 71 percent of the rated projects. Outcomes and outcome sustainability of 67 percent of the rated projects were deemed both moderately satisfactory or above and moderately likely or above, respectively. Sixty-three percent of the total GEF investment in the rated projects of the FY 2009 cohort was allocated to these projects.

The GEF gains from mobilization of cofinancing through enhanced efficiency, reduced risks, synergies, and greater flexibility regarding the types of projects it may undertake. Although important, the role of cofinancing is sometimes overstated. Mobilization of cofinancing for GEF projects is frequently equated to tapping new resources for generating global environmental benefits. But because some GEF partners may fund activities that address global environmental concerns re-

gardless of whether the GEF project materialized, their contribution to the GEF project may thus replace a similar activity they would have supported elsewhere. Also, much of the cofinancing provided by the private sector and other organizations that focus on economic development support activities that produce higher levels of national and local benefits vis-à-vis global environmental benefits. These factors need to be taken into account when assessing the role of cofinancing in generating additional global environmental benefits. Additionally, tracking the cofinancing ratio at the overall portfolio level may not always be appropriate, as the ratio is easily affected by outliers.

The United Nations Environment Programme's (UNEP's) performance on its supervision of GEF projects has improved substantially. The quality of supervision provided by the World Bank and the United Nations Development Programme (UNDP) continues to be in the satisfactory range for a high percentage of projects. The 2009 follow-up assessment on quality of supervision was based on a review of a representative sample of 47 projects under implementation during FY 2007–08. The assessment's findings include the following:

- The percentage of projects for which overall quality of supervision was rated moderately satisfactory or above showed a slight increase, rising from 81 percent in the 2006 pilot assessment to 85 percent in 2009.
- UNEP improved its project monitoring substantially; the percentage of projects it implemented for which quality of supervision was rated in the satisfactory range increased from 36 to 73 percent.
- Large majorities of the projects implemented through the World Bank and UNDP were rated moderately satisfactory or above for quality of supervision: 86 and 92 percent, respectively.

The present GEF approach to Agency fees—a uniform project fee of 10 percent of the GEF grant, regardless of project type—is disadvantageous to those Agencies whose portfolios have a larger proportion of medium-size projects and enabling activities than full-size projects. The current system ensures uniformity across the GEF partnership, is easy to implement, and is transparent. However, because it does not take into account differences in Agency

portfolios, there may be less incentive for undertaking medium-size projects and enabling activities, whose costs are relatively higher than those for larger projects.

In comparison to the long-term distribution, a greater proportion of projects in the FY 2009 cohort had completion delays. Of the 250 projects for which data on expected and actual project completion dates are available, 27 percent were completed after a delay of at least two years and 11 percent after three years or more. For the FY 2009 cohort, 32 percent of projects were completed after a delay of at least two years and 17 percent after three years or more. This decline, however, may not constitute a trend.

For the projects reviewed for FY 2009, monitoring during implementation was rated moderately satisfactory or above for 62 percent. A potential explanation for the continuing low performance on this parameter is that most of these projects had been designed before the 2006 adoption of the GEF Monitoring and Evaluation Policy.

Compared to the long-term average of 55 percent, the quality of 72 percent of the terminal evaluation reports submitted during FY 2009 was rated satisfactory or above. Similarly, compared to the long-term average of 87 percent, the quality of 96 percent of the terminal evaluation reports submitted during FY 2009 was rated moderately satisfactory or above.

Long time lags between the completion and submission of terminal evaluation reports continue to be a concern, as does uncertainty regarding project status. Of the terminal evaluation reports submitted in FY 2009, only 53 percent were submitted within 12 months of project completion, as per GEF guidelines. Thirteen percent of the reports had been submitted after more than two years. More significantly, despite major improvements in the quality of the GEF Project Management Information System (PMIS), the quality of information on project status remains weak. It is thus difficult to determine whether a project has been completed.

The Evaluation Office prepares **management action records** tracking the level of adoption of GEF Council decisions stemming from Office evaluations. Thus far, the level of adoption for 92 decisions based on 23 evaluations has been tracked. This year, the Office rated and reported on the level of adoption of 32 decisions out of a cohort of 34; there was insufficient information to verify the level of adoption for the remaining 2 decisions. **The Office rated adoption of 5 decisions (16 percent) as high, of 17 (53 percent) as substantial, of 8 (25 percent) as medium, and of 2 (6 percent) as negligible.**

Ratings on the performance of the GEF Agencies and GEF Secretariat on 10 of 13 parameters are captured in this year's performance matrix. Of particular interest are the ratings on quality of supervision and realism of risk assessment; these were updated to reflect the findings of the follow-up assessment on quality of supervision. UNEP's ratings show considerable improvement on both these parameters, which reflects steps taken by its management to improve quality of supervision across its portfolio. The World Bank and UNDP continue to perform well on these parameters. Findings on outcomes, implementation completion delays, and materialization of cofinancing were also updated, but there was no substantive change in these ratings.

Recommendation

The GEF Evaluation Office, GEF Secretariat, and GEF Agencies should collaborate to identify steps to improve the quality of information available through the PMIS on project status.

Issues for the Future

- The GEF Evaluation Office will assess the efficacy of the indicators reported on, and of the tools and instruments used for assessments, in the APR.
- The Office will seek ways to improve its reporting on completed projects and to improve the efficiency of the review process by devolving responsibility for conducting terminal evaluation reviews to the independent evaluation offices of the GEF Agencies.

GEF Council Decision

On reviewing APR 2009, the GEF Council requested that the GEF Evaluation Office, GEF Secretariat, and GEF Agencies work together to identify and implement measures to improve the quality of information available from the PMIS on project status, including Agency compliance with deadlines for terminal evaluation reports. The Office will report on progress in APR 2010.

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 *GEF Annual Performance Report 2009* (Evaluation Report No. 57, 2010) is available in the Evaluations and Studies section of the GEF Evaluation Office Web site, www.gefeo.org. For more information, please contact the GEF Evaluation Office at gefeo@thegef.org.