GEF Annual Performance Report 2006

(Prepared by the GEF Evaluation Office)
**Recommended Council Decision**


(a) UNDP and UNEP should involve social and institutional expertise in project supervision where appropriate;

(b) Special attention is required to ensure continued and improved supervision by the GEF Agencies during implementation of projects and adequate funding should be provided for this supervision from the project fees;

(c) UNEP should develop a systemic approach to supervision of its GEF portfolio;

(d) All GEF agencies should ensure that terminal evaluation reports include adequate information on sustainability of outcomes, quality of M&E systems and reporting on co-financing, in line with the minimum requirements for project evaluation in the GEF M&E Policy.

The GEF Evaluation Office is encouraged to continue developing the Annual Performance Report, so that in future years it will include an Agency Performance Matrix as required in the GEF-4 policy recommendations.
EXECUTIVE SUMMARY

1. This Annual Performance Report (APR) presents an account of some aspects of project results, of processes that may affect project results, and of M&E arrangements in completed projects. Following on previous APRs, this year report includes information on GEF project outcomes, sustainability, co-financing, quality of M&E and quality of Terminal evaluations. It also looks for the first time at the quality of supervision of GEF projects by the respective implementing agencies.

2. The findings presented have several limitations. Most are based on the terminal evaluation reviews, which are in turn based on the information provided by terminal evaluation reports. This introduces uncertainty into the verification process, which the Evaluation Office seeks to mitigate by incorporating in its reviews any pertinent information it has independently gathered through other evaluations. The Evaluation Office is also seeking to improve the independence of terminal evaluation reports by more fully involving the central evaluation units of partner agencies in the process.

3. The APR contains the following conclusions:
   a. Completed GEF projects remain on target to achieve the 75% satisfactory outcomes as agreed upon in the GEF-4 replenishment agreement.
   b. The materialization of co-financing is on track.
   c. UNEP does not adequately supervise two thirds of sampled projects, although improvements have been achieved after the appointment of a portfolio manager. Fiduciary requirements are generally met.
   d. Portfolio monitoring by the GEF agencies tends to rate projects fully satisfactory despite important problems noted in the monitoring information on the same projects.
   e. UNDP and UNEP do not sufficiently involve social and institutional specialists during supervision where this would have been appropriate.

4. The following recommendations are formulated:
   a. UNDP and UNEP need to involve social and institutional expertise in project supervision where appropriate.
   b. Special attention is required to ensure continued and improved supervision in the new project cycle, through ensuring adequate funding from project fees.
   c. UNEP should develop a systemic approach to supervision of its GEF portfolio.
d. All GEF agencies will need to ensure that terminal evaluation reports include adequate information on sustainability of outcomes, quality of M&E systems and reporting on co-financing, in line with minimum requirement 3 of the GEF M&E policy.

5. The Evaluation Office has found a high variance of reported levels of co-financing over the years. To determine the reasons for high variance in materialization of co-financing at the project level and to ascertain the extent the reported co-financing is consistent with the manner in which it is defined by the Council, verification of actual levels of co-financing is required. This issue will be looked at in future.

6. The current Management Action Records track management actions on 36 Council decisions. The Evaluation Office rated 33 percent of these decisions as having been adopted by management at high or substantial levels. For one decision adoption was rated as negligible by both GEF Management and the Evaluation Office. The Evaluation Office and management agreed on the rating on progress of adoption for 47 percent of decisions (17 of 36). On the other 53 percent, the Evaluation Office downgraded management’s ratings. Many of the lower ratings given by the Office reflect the fact that proposals to Council have yet to be approved by Council. All in all, the MARs show and reflect the “wind of change” through the GEF – Council decisions on older evaluations have been overtaken by recent changes and many of the more recent decisions have led to proposals that will be discussed by Council at the June 2007 meeting.

7. The one issue on which both GEF Management and the Evaluation Office agree progress has been “negligible” is that of providing transparency on management information in the GEF. A Council decision in 2005 and a reminder of Council in 2006 have not yet been adequately met by the Secretariat, which is fully aware of the situation. The Evaluation Office again asks attention for the fact that making management information available in a transparent manner is not a question of rocket science or of sophisticated software. It requires sufficient human resources, energy and dedication.

8. The Evaluation Office presents in this APR a draft Agency Performance Matrix in response to the Council request, covering 15 performance parameters, describing the current status of indicators and tools, and a summary of information sources and frequency of reporting in five major areas: Results, Processes affecting Results, Efficiency, Quality of M&E and Learning. This matrix was discussed at the Interagency meeting of February 2007, and comments and suggestions from GEF Agencies and the GEF secretariat have been incorporated into the present version.

9. The full version of the Annual Performance Report 2006, including the detailed data, reviews, analysis and methodological justification, will be published on the GEF Evaluation Office website at the same time as this Council working document. The Management Actions Records are published separately on the Evaluation Office website.
1. **BACKGROUND**

1. This is the third Annual Performance Report (APR) that the Global Environment Facility (GEF) Evaluation Office has presented since the GEF Council approved the transfer of responsibility for project monitoring to the Implementing Agencies (IAs) and GEF Secretariat. This transfer has allowed the Evaluation Office to focus more on assessing the results of GEF activities and overseeing monitoring and evaluation (M&E) operations. This report presents a detailed account of some aspects of project results, of processes that may affect project results, and of M&E arrangements in completed projects. Last year the Evaluation Office had presented an assessment of the M&E arrangements across the GEF partnership in considerable detail. This year’s APR also looks for the first time at the quality of supervision of GEF projects by the respective implementing agencies.

2. This APR continues the assessment of project outcomes, project sustainability, project completion delays, materialization of co-financing, and quality of monitoring which were initiated in the Fiscal Year\(^1\) (FY) 2005 APR. For the assessment of project outcomes, project sustainability, and delays in project completion, 107 projects were considered for which terminal evaluation reports were submitted by the IAs to the Evaluation Office in FY 2005 (41 projects) and FY 2006 (66 projects). Altogether, the GEF had invested $514 million in these 107 projects. This said the focus of reporting is on 66 projects for which the terminal evaluation reports were submitted in FY 2006 and in which the GEF has invested $255 million.

3. For assessment of materialization of co-financing, all 182 terminal evaluation reports submitted after January 2001 were considered. Of these, 118 (65 percent) provided information on actual materialization of co-financing. The GEF has invested a total of $593 million in these 118 projects and it was reported that an additional $2.16 billion was leveraged for these projects in the form of co-financing.

4. For assessing the quality of supervision a stratified random sample of 49 GEF projects, which were under implementation during FY 2005 and FY 2006, was examined in detail. These projects were being implemented by the World Bank (15), UNDP (18) and UNEP (16). The GEF has invested 215 million dollars in these projects. No terminal evaluations were received yet from the Executing Agencies of the GEF.

5. The findings presented have several limitations. Most are based on the terminal evaluation reviews, which are in turn based on the information provided by IA terminal evaluation reports. This introduces uncertainty into the verification process, which the Evaluation Office seeks to mitigate by incorporating in its reviews any pertinent information it has independently gathered through other evaluations. The Evaluation Office is also seeking to improve the independence of terminal evaluation reports by more fully involving the central evaluation units of partner agencies in the process.

\(^1\) The Fiscal Year for the GEF is from July 1 to June 30 – it follows the fiscal years of the World Bank. FY 2006 runs from July 1 2005 to June 30 2006.
6. For many issues on which performance is being reported in this APR, information is presently available only for FY 2005 and FY 2006. For assessment of quality of terminal evaluation reports, data are available for FY 2004, 2005 and 2006. Although this allows for comparison of performance in these years, it does not yet permit analysis of long-term trends. Further, the number of projects for some partner agencies is too small to draw meaningful conclusions for these agencies. These limitations will be mitigated in the future with accumulation and availability of data for more cohorts.

7. In November 2005, the GEF Council approved a procedure and format for Management Action Records (MARs) capturing the rate of adoption of Council decisions on evaluation reports. The purpose of MAR is to facilitate a systematic follow up on the implementation of evaluation recommendations that have been accepted by management and/or the GEF Council, with periodic review and follow-up on the status of the implementation of the evaluation recommendation. The Evaluation Office and the GEF Secretariat, in consultation with the appropriate partner organizations, report annually to the Council on the follow-up of the Council decisions compiled in a management action record. MARs are published and updated on the GEF Evaluation Office website, which can be accessed through www.thegef.org.

2. **Main Conclusions**

*On results*

**Conclusion 1: Completed GEF projects remain on target to achieve the 75% satisfactory outcomes as agreed upon in the GEF-4 replenishment agreement.**

**Detailed findings**

Among the completed GEF projects assessed and rated this year, 84 percent were rated moderately satisfactory or above in achievement of outcomes and 65 percent were rated moderately likely or above in sustainability of outcomes.

8. **Attainment of Project Outcomes.** The Evaluation Office rated the achievement of project outcomes on criteria of relevance, effectiveness and efficiency. Of the 66 terminal evaluation reports submitted in FY 2006, 64 reports (97 percent) provided sufficient information to allow assessment of the level of attainment of project outcomes (see table 1). The key findings of this assessment are:

- Of the 64 projects whose outcomes were rated by the Evaluation Office, 84 percent were rated moderately satisfactory or above. After controlling for the differences in rating methodologies, this performance is similar to that for the projects whose terminal evaluation report was submitted in FY 2005.
- Of the total investment in the rated projects ($254 million), 88 percent ($224 million) was allocated to projects that were rated moderately satisfactory or above.

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• The outcome ratings of full size and medium size projects were similar: the outcomes of 85 percent of full size projects and 83 percent of medium size projects were rated moderately satisfactory or above.

9. The performance of the projects of the FY 2006 cohort is on track with the target of 75 percent of projects having satisfactory outcomes set for the Fourth Replenishment\(^3\). Although the completed projects assessed during the FY 2006 do not pertain to the fourth replenishment, their performance does indicate that the outcome achievement target for the fourth replenishment is realistic.

### Table 1: Summary of Outcomes and Sustainability Ratings

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>No. of TE submitted</th>
<th>Projects for which no outcome rating possible</th>
<th>Number of project with outcome rating</th>
<th>% rated MS or above in outcome ratings(^4)</th>
<th>Projects for which No sustainability of outcomes rating possible</th>
<th>Number of projects with sustainability of outcomes ratings</th>
<th>% rated ML or above in sustainability of outcomes ratings</th>
<th>No. of projects with MS/ML or above for both</th>
<th>% of rated projects with MS/ML or above in both</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2005 (old methodology)</td>
<td>41</td>
<td>2</td>
<td>39</td>
<td>92</td>
<td>5</td>
<td>36</td>
<td>76</td>
<td>26</td>
<td>72</td>
</tr>
<tr>
<td>FY 2006 (old methodology)</td>
<td>66</td>
<td>2</td>
<td>64</td>
<td>92</td>
<td>9</td>
<td>57</td>
<td>84</td>
<td>47</td>
<td>82</td>
</tr>
<tr>
<td>FY 2006 (new methodology)</td>
<td>66</td>
<td>2</td>
<td>64</td>
<td>84</td>
<td>12</td>
<td>54</td>
<td>65</td>
<td>35</td>
<td>61</td>
</tr>
</tbody>
</table>

10. **Sustainability of Project Outcomes.** The Evaluation Office rated sustainability based on its assessment of level of risks to sustainability of outcomes on four dimensions: financial; socio-political, institutional and governance; and, environmental. Of the terminal evaluation reports submitted in FY 2006, 54 reports (82 percent) provided sufficient information to allow assessment of sustainability of project outcomes. The key findings of this assessment are:

• Of the 54 projects that were rated, sustainability of outcomes of 35 (65 percent) projects was rated moderately likely or above. After accounting for differences in rating methodologies, this performance is similar to that of the last year’s cohort.

• Of the total GEF investment in rated projects ($218 million), 60 percent ($131 million) was invested in projects that were rated moderately likely or above in sustainability.

• Compared to projects from other agencies, sustainability ratings of World Bank projects were significantly higher.

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\(^3\)Summary of Negotiations on the Fourth Negotiations on the Fourth Replenishment of the GEF Trust Fund (GEF/C.29/3); Aug 2006.

\(^4\)In this APR (FY 2006) the overall rating based figures for the portfolio have been calculated excluding the projects that were not rated (Unable to Assess or Not Applicable). This is unlike the FY 2005 where the figures had been calculated including the projects that had not been rated. To make the figures comparable, in this APR wherever figures for FY 2005 portfolio have been reported they have been recalculated after excluding the projects that were not rated. For example, the FY 2005 APR reported that 88 percent of the projects submitted in FY 2005 had moderately satisfactory or above outcomes. This APR (FY 2006) reports the figures for FY 2005 as 92 percent after adjusting for the projects that had not been rated.
11. Although the Evaluation Office has been rating completed projects on achievement of outcomes and on sustainability of outcomes since FY 2005, this year it carried out an additional analysis to assess the extent projects that were rated moderately satisfactory or above in achievement of outcomes were also moderately likely or above in sustainability of outcomes. Of the terminal evaluation reports submitted in FY 2006, 54 reports (82 percent), and of those submitted in FY 2005, 36 reports (88 percent) provided sufficient information to allow assessment of both project outcomes sustainability of project outcomes. The key findings of this assessment are:

- Of the rated projects from FY 2006 cohort, 61 percent were rated moderately satisfactory or above in outcomes and moderately likely or above in sustainability. In terms of GEF investment, 56 percent was invested in projects that were rated moderately satisfactory or above in outcomes and moderately likely or above in sustainability.
- Of the rated projects from FY 2005 cohort, 72 percent were rated moderately satisfactory or above in outcomes and moderately likely or above in sustainability. In terms of GEF investment 86 percent was invested in projects that were rated moderately satisfactory or above in outcomes and moderately likely or above in sustainability. The figures for FY 2005 and FY 2006 are, however, not directly comparable – when the differences in the rating methodology used in FY 2005 and FY 2006 are taken into account there is little difference in ratings of the two cohorts.

**On processes**

**Conclusion 2: The materialization of co-financing is on track.**

**Detailed findings**

There is great variation among projects in levels of co-financing. The average of co-financing materialized has slightly decreased from $4.1 per $1 of GEF funding to $3.8 per $1 of GEF funding. In general, levels of promised co-financing are achieved. At the point of inception projects of the FY 2006 cohort had on average promised 2.1 dollar of co-finance per dollar of approved GEF grant. In comparison, 2.4 dollars (114 percent) of co-finance per dollar of approved GEF grant reportedly materialized.

12. The findings from the co-financing analysis are:

- Of the 66 reports submitted in FY 2006, 47 (71 percent) provided information on materialization of co-financing. In comparison, of the 116 terminal evaluation reports submitted before FY 2006 examined, only 71 reports (61 percent) provided information on materialization of co-financing (see table 2). Thus, despite some improvement reporting on co-financing continues to be an area needing further attention.
- For terminal evaluations submitted in FY06, the rate average of reported materialized co-financing was 114 percent of the promised co-financing. Expressed in dollar terms, per
dollar of approved GEF grant on average $2.1 of co-financing had been promised and $2.4 reportedly materialized.

- If all terminal evaluations reports submitted to the Evaluation Office so far are taken into consideration, 118 reports, including 47 reports from the FY 2006 cohort, provide information on co-financing. For these 118 projects, on average 96 percent of the promised co-financing was reported to have materialized. Expressed in dollar terms, on average project proponents promised $3.8 of co-financing per dollar of approved GEF grant. The actual co-financing reported was slightly lower at $3.6 per dollar of GEF grant.

Table 2: Materialization of co-finance as reported in terminal evaluation reports

<table>
<thead>
<tr>
<th>FY of TE submission</th>
<th>Total TEs</th>
<th>TEs that did not report on co-finance</th>
<th>TEs that reported on co-finance</th>
<th>Approved GEF grant per project in m $</th>
<th>Actual GEF grant per project in m $</th>
<th>Promised co-finance per project in m $</th>
<th>Promised co-finance per dollar of approved GEF grant</th>
<th>Reported materialized co-finance per dollar of GEF grant</th>
<th>Reported materialized co-finance per dollar of approved GEF grant</th>
<th>Materialized co-finance per dollar of promised co-finance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>18</td>
<td>7</td>
<td>11</td>
<td>6.2</td>
<td>6.1</td>
<td>29.5</td>
<td>4.7</td>
<td>29.2</td>
<td>4.7</td>
<td>99</td>
</tr>
<tr>
<td>2003</td>
<td>15</td>
<td>8</td>
<td>7</td>
<td>5.5</td>
<td>4.6</td>
<td>8.4</td>
<td>1.5</td>
<td>7.1</td>
<td>1.3</td>
<td>85</td>
</tr>
<tr>
<td>2004</td>
<td>42</td>
<td>12</td>
<td>30</td>
<td>5.9</td>
<td>4.6</td>
<td>43.2</td>
<td>7.4</td>
<td>38.9</td>
<td>6.6</td>
<td>90</td>
</tr>
<tr>
<td>2005</td>
<td>41</td>
<td>18</td>
<td>23</td>
<td>6.4</td>
<td>6.3</td>
<td>9.5</td>
<td>1.5</td>
<td>10.0</td>
<td>1.6</td>
<td>106</td>
</tr>
<tr>
<td>2006</td>
<td>66</td>
<td>19</td>
<td>47</td>
<td>3.5</td>
<td>3.3</td>
<td>7.2</td>
<td>2.1</td>
<td>8.2</td>
<td>2.4</td>
<td>114</td>
</tr>
<tr>
<td>All years</td>
<td>182</td>
<td>64</td>
<td>118</td>
<td>5.0</td>
<td>4.6</td>
<td>19.0</td>
<td>3.8</td>
<td>18.3</td>
<td>3.6</td>
<td>96</td>
</tr>
</tbody>
</table>

On average the projects of the FY 2006 cohort were completed after a delay of 13 months; 17 percent of them were completed after a delay of at least two years.

13. The evaluation office started tracking project completion delays since FY 2005. The average project completion delay was 19 months for FY 2005 cohort and 13 months the FY 2006 cohort. Further, compared to 44 percent of the projects of the FY 2005 cohort only 17 percent of the projects of the FY 2006 cohort had delays of two years or more. Although the average delay in project completion is lower for the FY 2006 cohort, it is still too early to assess whether this is a trend.

14. The analysis shown in the FY 2005 APR suggested that outcome ratings could be correlated with project completion delays. Inclusion of the data for the FY 2006 cohort allowed the Evaluation Office to explore this issue further. It was found that although outcome ratings and project completion delays are inversely related, this relationship is very weak. Moreover, when other variables such as implementing agency and focal area are controlled for, it weakens further. Likewise, the relationship between project completion delays and sustainability ratings was also not confirmed.

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5 In the APR FY 2005, the analysis on materialization was based on 70 terminal evaluation reports submitted in or before FY 2005 and that had reported on co-financing. Information collected for “Evaluation of the GEF Activity Cycle and Modalities (GEF/ME/C.30/6)” allowed the Evaluation Office to incorporate data for one more project whose terminal evaluation reports were submitted in or before FY 2005. Thus, in all for 71 projects from that period has been analyzed.
Conclusion 3: UNEP does not adequately supervise two thirds of the sampled projects, although improvements have been achieved after the appointment of a portfolio manager. Fiduciary requirements are generally met.

Detailed findings

Although in general high levels of moderately satisfactory supervision are achieved, the level of attention given to supervision of GEF projects is highly variable. About three-fourths of sampled projects received supervision at the level of a minimum standard of performance, but there is substantial scope for improvement. There is some evidence that resource constraints, lack of management attention and issues of decentralization are a contributing factor.

15. For this report, the Evaluation Office carried out a pilot assessment of project supervision by Implementing Agencies. Previous World Bank studies have shown that projects receiving good supervision are twice as likely to achieve project outcomes compared to projects receiving less satisfactory supervision. In conjunction with the World Bank’s Quality Assurance Group (QAG), which examined the quality of Bank supervision of 15 GEF projects during FY05 and FY06, the Evaluation Office conducted a desk review of 18 UNDP and 16 UNEP projects using the same assessment instrument for comparability. The World Bank showed improvement on its handling of GEF projects compared to previous assessments, which in the past had slightly lagged other Bank-supervised operations for supervision quality. Three-fourths of the final sample was rated MS or better on overall supervision.

16. In the desk review, UNDP was found to perform at about the same level as the World Bank (in the upper 80% range Moderately Satisfactory or above), while UNEP scored much lower, with just over one-third of cases rated Moderately Satisfactory or above (see table 3). The sample size prevented disaggregation by focal areas, geographic regions, or project age. The sample proportions of each agency also made it necessary to implement weighted probabilities to assess the sample on dimensions that do not control for individual agency performance impacts. Examples of excellent supervision were found in all three IA’s, as were cases of very poor performance.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNDP</td>
<td>World Bank</td>
</tr>
<tr>
<td>88%</td>
<td>87%</td>
</tr>
<tr>
<td>FSP</td>
<td>82%</td>
</tr>
</tbody>
</table>

17. Resource constraints were cited as a factor in many of the low-performers, with insufficient time spent in the field and staff limitations the main issues identified. Lack of management attention was often a contributing factor. In the World Bank, GEF projects blended with IDA/IBRD operations appear to be more likely to receive management attention and well-staffed supervision teams than stand-alone operations (there has been discussion of phasing-out the latter approach in some World Bank regions). In UNDP, country office staffs directly responsible for supervision also receive extensive technical backstopping from regionally-based
focal area specialists, and this combination was the key factor in UNDP’s relatively high ratings for supervision quality. In UNEP-supervised projects, serious resource constraints, lack of management attention, and absence of clear guidelines for supervision responsibility contributed to very poor results in the review (36% of cases rated Moderately Satisfactory or better), though there were also instances of very good performance which indicate the potential for substantial improvement. In recent years a GEF portfolio manager was appointed in UNEP, which has led to increased attention for and improvements in supervision. Furthermore, fiduciary and safeguard supervision of UNEP of its projects is satisfactory in general. Thirteen out of 16 projects rated moderately satisfactory or above in this regard, although this finding should be considered tentative since no financial management or procurement specialists were involved in the assessment.

**Conclusion 4: Portfolio monitoring by the GEF agencies tends to rate projects fully satisfactory despite important problems noted in the monitoring information on the same projects.**

**Detailed findings**

**Project Information Reporting (PIR) has given an unrealistically optimistic picture of portfolio health and project risks.** The assessment found a marked tendency to rate projects fully satisfactory despite problems reported in areas such as implementation delays, government commitment, or long-term sustainability. There is also little attention being given to possible unintended effects of projects, such as social impacts of protected areas projects.

18. As part of the pilot assessment of supervision, the PIRs for 2005 and 2006 were examined for 55 sampled projects, to identify disconnects between the number and seriousness of issues reported and project ratings assigned by supervision staff of IAs. Of the 55 cases, only three had been flagged in PIR ratings as Moderately Unsatisfactory or lower, with a total GEF grant value of $10 million. The desk review identified another 16 cases, for a total of 19 projects totaling $85.8 million, which could be considered at risk based on issues described in the narrative section of the PIRs, as well as reported performance of project components. The strong tendency to give optimistic performance ratings is consistent with findings of previous assessments by the World Bank’s QAG. The 2006 PIR showed some improvement over 2005, however, with some evidence that IA managers had begun to ask staff to justify ratings which seemed inconsistent with reported problems.

19. The review found that at present only the World Bank has a formal system for screening projects for potential unintended social or environmental impacts, which would need to be mitigated and supervised during implementation. In the sample, one case of non-compliance with the Bank’s policy was identified. In UNDP and UNEP there is at present no formal system for impact screening, and no evidence was seen that these aspects were taken into consideration during supervision. In some cases UNDP and UNEP staff expressed the view that participatory design processes and the involvement of NGOs or community groups would tend to prevent such problems, but there was no indication of attention to possible issues once implementation
had begun. This presents an area of potential vulnerability (and possible reputational risk) where projects may result in negative impacts on certain groups, for example.

**Conclusion 5: UNDP and UNEP do not sufficiently involve social and institutional specialists during supervision where this would have been appropriate.**

20. The Evaluation Office found that social and institutional specialists were not involved in supervision to a desirable extent, especially in the sampled projects of UNDP and UNEP. The evaluation of the Role of Local Benefits in Global Environmental Programs found that “relatively few projects have matched their commitments to stakeholder involvement with a nuanced understanding of local social issues in a proactive manner or systematically drawn on social expertise in project design and implementation.”\(^6\) The conclusion that in order “to strengthen generation of linkages between local and global benefits, the GEF should ensure adequate involvement of expertise on social and institutional issues at all levels of the portfolio”\(^7\) was taken over by Council in its decision on the evaluation and the management response on that evaluation. The management response stated that “today, it is a regular practice at every stage of the project cycle to involve appropriate expertise and tools related to social and institutional issues by all Implementing Agencies”\(^8\). However, the Evaluation Office in its assessment of supervision found that for the sampled projects only the World Bank is doing so systematically, because of its system of “do-no-harm” safeguard policies, which requires all projects to be formally screened by specialists for potential safeguard issues, and mitigation plans developed (and supervised) where issues are identified. UNDP has prepared a paper on social issues, but there is no indication that it has been made operational in project supervision. UNEP has no paper and no actual practice of involving social and institutional experts in supervision of the sampled projects.

**On Monitoring and Evaluation**

**Detailed findings**

While 78 percent of projects were rated moderately satisfactory or above on quality of monitoring there is scope for improvements on appropriate indicators and baseline data, as well as for better quality at entry and for funding of M&E.

21. Of the 66 terminal evaluation reports submitted 20 (30 percent) did not provide adequate information on M&E to allow the Evaluation Office to assess the quality of project monitoring (see table 4). The key findings from the analysis of 46 (70 percent) reports that did provide sufficient information on M&E are:

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\(^6\) The Role of Local Benefits in Global Environmental Programs (June 2006); Page 135; Evaluation Report No. 30. Global Environmental Facility Evaluation Office.

\(^7\) The Role of Local Benefits in Global Environmental Programs (June 2006); Page 21; Evaluation Report No. 30. Global Environmental Facility Evaluation Office.

\(^8\) Management Response to The Role of Local Benefits in Global Environmental Programs, Part One: Nature and Conclusions of the Study (May 2006); Page 21; GEF/ME/C.27/5; Global Environment Facility.
• Seventy eight percent projects were rated as moderately satisfactory or above in quality of project monitoring (see table 3). In FY 2005, when quality of project monitoring was assessed using a different methodology, of the rated projects 67 percent were rated moderately satisfactory or above.

• Difficult issues such as specification of appropriate indicators and providing baseline information still need to be addressed in many of the projects that were rated moderately satisfactory or above.

22. The analysis shows linkages between quality at entry of M&E arrangements and quality of monitoring during project implementation, and provides some evidence to support the case for better funding for M&E activities. Among the 66 projects from the FY 2006 cohort:

• Forty two projects were rated both on quality at entry of M&E arrangements and on quality of monitoring during project implementation. Of the 28 projects that were rated moderately satisfactory or above in quality at entry, the quality of monitoring during project implementation was rated moderately satisfactory or above for 27 projects (96 percent). In contrast, of the 14 projects that were rated moderately unsatisfactory or below in quality at entry only 5 (36%) were rated moderately satisfactory or better in quality of monitoring during project implementation. This suggests a link between quality of M&E arrangements at entry and quality of project monitoring.

• Twenty seven projects provided information on sufficiency of funding for M&E activities. All 20 projects that were assessed to have had adequate funding for M&E activities were also rated moderately satisfactory or above on quality of monitoring during project implementation. In contrast, of the seven projects that were assessed to have inadequate funding for M&E activities only two were rated moderately satisfactory or above on quality of monitoring. While these numbers are not sufficient to make broad generalizations, the direction of relationship is consistent with expectations.

Table 4: M&E ratings of projects

<table>
<thead>
<tr>
<th>FY of TE submission</th>
<th>Total TEs</th>
<th>TEs that did not report on M&amp;E</th>
<th>TEs for whom reporting was not required</th>
<th>TEs that reported on M&amp;E</th>
<th>Percentage rated moderately satisfactory or above</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>42</td>
<td>11</td>
<td>2</td>
<td>29</td>
<td>55</td>
</tr>
<tr>
<td>2005</td>
<td>41</td>
<td>8</td>
<td>1</td>
<td>32</td>
<td>66</td>
</tr>
<tr>
<td>2006</td>
<td>66</td>
<td>20</td>
<td>0</td>
<td>46</td>
<td>78</td>
</tr>
</tbody>
</table>
Conclusion 6: A substantial proportion of terminal evaluation reports do not adequately cover issues such as sustainability, co-financing and M&E.

Detailed findings

Out of the 66 terminal evaluation reports submitted in FY 2006, 20 (30 percent) did not provide sufficient information on project monitoring and 12 (18 percent) on sustainability of outcomes to allow the Evaluation Office to rate performance on these parameters. Further, 29 percent of the terminal evaluation reports did not provide information on materialization of co-financing. The last point is especially relevant to the Council’s decision of December 2006 on the basis of the evaluation of Incremental Costs Assessment that in future projects would need to report on levels of co-financing to ensure that the principle of incrementality has been maintained.

23. Two factors – maturing of the GEF portfolio and more prompt submission of terminal evaluation reports – account for the increase in number of terminal evaluations submitted. The Evaluation Office estimates that compared to the terminal evaluations that were completed in 2004, the average time lag between terminal evaluation completion and terminal evaluation submission for those that were completed in 2005 dropped by at least six months — a substantial improvement in performance.

24. Inadequate coverage of issues continues to be a problem in a significant proportion of terminal evaluation reports (see table 5). Some of the terminal evaluation reports that did not provide sufficient information on any dimension did provide performance ratings for that dimension. However, since the ratings in the terminal evaluation reports tend to be systematically more optimistic, the Evaluation Office didn’t adopt them. Thus, many of the terminal evaluation reports do not comply with the “Minimum Requirement 3: Project Evaluation” specified in “The GEF Monitoring and Evaluation Policy (Feb 2006).”

Table 5: Submission of Terminal Evaluation Reports

<table>
<thead>
<tr>
<th>FY of TE submission</th>
<th>TEs submitted</th>
<th>% TEs without sufficient info on project outcomes</th>
<th>% TEs without sufficient info on sustainability of outcomes</th>
<th>% TEs that did not report on co-finance</th>
<th>% TEs without sufficient info on M&amp;E</th>
<th>% rated MS or above in quality of TE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2004</td>
<td>42</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>69</td>
</tr>
<tr>
<td>FY 2005</td>
<td>41</td>
<td>5</td>
<td>12</td>
<td>44</td>
<td>20</td>
<td>88</td>
</tr>
<tr>
<td>FY 2006</td>
<td>66</td>
<td>3</td>
<td>18</td>
<td>29</td>
<td>30</td>
<td>84</td>
</tr>
</tbody>
</table>

Detailed findings

The outcome ratings provided by evaluation offices of the partner organizations are consistent with those provided by the GEF Evaluation Office. However, those provided in the terminal evaluation reports tend to be upwardly biased.

25. The Evaluation Office has been assessing the extent the project performance ratings provided by evaluation offices of the GEF agencies are consistent with its ratings since FY 2005. The analysis of the ratings for the FY 2006 cohort confirms the findings of last year that the outcome ratings provided by the evaluation offices of the GEF agencies are consistent with those provided by the Evaluation Office. While the independent evaluation group (IEG) of the World Bank has been providing ratings for quite some time, this year the evaluation office of UNEP has also started providing ratings. Based on the assessment of difference between its ratings and those provided by the evaluation offices of partner organizations, the Evaluation Office has decided that it can trust the outcome ratings provided by the Independent Evaluation Group (IEG) in the implementation completion report (ICR) reviews. From next year, whenever provided, the Evaluation Office will accept IEG outcome ratings. This is in accordance with the Evaluation Office’s effort to collaborate with the evaluation offices of the GEF agencies and to prevent duplication of effort. The Evaluation Office is satisfied with the reviews of UNEP’s evaluation unit. However, since only three reviews have been done so far, it is still early to start using UNEP evaluation unit’s work as a basis.

26. There are, however, major differences in the sustainability ratings provided by the Evaluation Office and by evaluation offices of the partner organizations. This is primarily driven by the changes made by the Evaluation Office in the methodology to assess sustainability of outcomes. The Evaluation Office will collaborate with the evaluation offices of the partner organizations to facilitate convergence on this issue.

27. Both outcome and sustainability ratings provided in the terminal evaluation reports have an upward bias. For example, on a six point scale, compared to the outcome ratings given by the Evaluation Office, those given in the terminal evaluation reports are on average higher by 0.7 grade points. In the analysis of ratings for the FY 2005 cohort a similar bias was noted. Thus, candor in ratings provided in the terminal evaluation reports remains an area for improvement.

Management Action Records

28. The Management Action Records (MARs) keep track of the level of adoption of Council’s decisions on the basis of evaluations findings and recommendations. The two purposes of the MAR are (a) to provide Council with a record of its decisions on the follow-up of evaluation reports, the proposed management actions, and the actual status of these actions; and (b) to increase the accountability of GEF management regarding Council decisions on monitoring and evaluation issues. The GEF Council approved the format and procedures for the GEF Management Action Records (MAR) at its November 2005 meeting and requested the GEF Evaluation Office prepare updated MARs to be presented to the Council for review and follow up on an annual basis.
The rating categories for the progress of adoption of Council Decisions were agreed upon in the consultative process of the Evaluation Office with the GEF Secretariat and the GEF Agencies and are as follows:

- **High**: Fully adopted and fully incorporated into policy, strategy or operations.
- **Substantial**: Decision largely adopted but not fully incorporated into policy, strategy or operations as yet.
- **Medium**: Adopted in some operational and policy work, but not to a significant degree in key areas.
- **Negligible**: No evidence or plan for adoption, or plan and actions for adoption are in a very preliminary stage.
- **N/A**: Non-applicable

In this year’s exercise, the Evaluation Office found it necessary to introduce a new rating:

- **Not possible to verify yet**: verification will have to wait until more data is available or proposals have been further developed.

The first MARs was presented to Council in June 2006, but the preparatory process was flawed, as a result of which it was impossible for the Evaluation Office to verify the ratings in time for the Council meeting. This year’s MARs is the first to present ratings of GEF management and the verification of these ratings by the Evaluation Office. It tracks management actions on Council Decisions based on 8 GEF Evaluation Office reports, including:

- Annual Performance Report 2004 (GEF/ME/C.25/1, May 2005)
- Role of Local Benefits in Global Environmental Programs (GEF/ME/C.27/4, October 2005)
- Evaluation of Incremental Cost Assessment (GEF/ME/C.30/2, November 2006)
- Evaluation of the Experience of Executing Agencies under Expanded Opportunities in the GEF (GEF/ME/C.30/4, November 2006)
- Evaluation of the GEF Activity Cycle and Modalities (GEF/ME/C.30/6, November 2006)
- Evaluation of the GEF Support to Biosafety (GEF/ME/C.28/Inf.1, May 2006)

Five older evaluation reports have become overtaken by the recent changes in the GEF and can be considered no longer relevant. Their MARs have been archived.\(^\text{10}\)

\(^{10}\)This concerns the following reports:
- GEF’s Engagement with the Private Sector (GEF/ME/C.23/Inf.4, May 2004)
- Program Study on Biodiversity (GEF/ME/C.24/Inf.1, Nov 2004)
- Program Study on Climate Change (GEF/ME/C.24/Inf.2, Nov 2004)
- Program Study on International Waters (GEF/ME/C.24/Inf.3, Nov 2004)
- Review of the GEF Operational Program 12: Integrated Ecosystem Management (GEF/ME/C.25/5, May 2005)
32. The current MARs track management actions on 36 Council decisions. The Evaluation Office rated 33 percent of these decisions as having been adopted by management at high or substantial levels. For three percent of decisions adoption was rated as negligible by the Evaluation Office.

33. The Evaluation Office and management agreed on the rating on progress of adoption for 47 percent of decisions (17 of 36). On the other 53 percent, the Evaluation Office downgraded management’s ratings. As shown in Table 1, most disagreement between management and GEF EO’s ratings are in the higher levels of adoption (“high” and “substantial”). Many of the lower ratings given by the Office reflect the fact that proposals to Council have yet to be approved by Council. If and when these proposals are approved, substantial adoption may have occurred. For next years’ MARs this issue may be discussed further and may lead to additional guidelines.

Table 1: Management and GEF EO rating of Recommendation Adoption Levels

<table>
<thead>
<tr>
<th>Management ratings</th>
<th>GEF EO ratings</th>
<th>Sum of management ratings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>High</td>
<td>Substantial</td>
</tr>
<tr>
<td>High</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>Substantial</td>
<td>5</td>
<td>8</td>
</tr>
<tr>
<td>Medium</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Negligible</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Not possible to verify yet</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

NOTE: Highlighted fields show agreement between management and GEF EO; fields to the right of the diagonal represent higher rating by the management than by GEF EO (except in the case of “not possible to verify yet”). The last column shows the sum of ratings in each category by management; the last row shows the sum of ratings by GEF EO.

34. There are several council decisions on which progress in adoption by management is significant. These include the adoption of the Terminal Evaluation Review processes by the Evaluation Offices of UNDP and UNEP, and the GEF Secretariat proposal to provide a ‘level playing field’ for implementing and Executing Agencies.

35. The only decision whose adoption was assessed as “negligible” by both GEF Management and the Evaluation Office relates to the Council’s June 2005 decision requesting increased transparency in the GEF project approval process through an improved Management Information System. Further work on this system is still in its early stages and had not led to any visible improvement in the information that is available on where proposals are in the approval process. The Evaluation Office reiterates its viewpoint that making information available in a transparent way is not rocket science. It needs discipline in gathering information and it needs

The MAR on GEF’s Engagement with the Private Sector was archived because the new approach to private sector that is being proposed by the GEF Secretariat makes previous recommendations on this issue obsolete. The other reports have been overtaken by the new Focal Areas Strategies that the GEF Secretariat is presenting to Council. Recommendations from the Program Studies were also incorporated into the GEF Replenishment Agreement and the recommendations of the GEF Third Overall Performance Study.
staff efforts to present this information diligently on the web site in an accessible format. It does not have to wait until software is written and a full system is in place to manage information.

36. Another issue that the Evaluation Office assesses needs to be better adopted is the Council decision to integrate local benefits in a more systematical way into all stages of the GEF project cycle. Management rates the adoption of this decision as “high”, but the Evaluation Office concludes that the adoption rate for this Council’s decision is “medium”. The Office’s assessment is based on this year’s APR findings, which indicate that the integration of social issues into supervision of GEF projects, when appropriate, has been insufficient in UNDP and UNEP. Furthermore, the GEF Secretariat still lacks expertise in this area – there has been no social scientist post in the GEF Secretariat since 2003.

37. The Evaluation Office also notes that the quality of terminal evaluations is still in need of improvement. Recommendations from both the 2004 and 2005 Annual Performance Reports call for improved quality of terminal evaluations, but even though GEF agencies have developed and tested terminal evaluations review processes, they still need to ensure that terminal evaluation reports include adequate information on sustainability of outcomes, quality of M&E systems and reporting on cofinancing.

38. The many changes in the MARs from last year’s version to this year’s version are an indication of a dynamic GEF, going through a process of change. For five older evaluation reports the Council decisions have been overtaken by new developments, in which tracking of the adoption of the old Council decisions no longer makes sense. This does not mean that the “lessons from past experience” of these older reports have been overlooked or are now forgotten – rather, they have been integrated into more recent efforts by the new CEO to renew the strategies of the GEF and fulfill the GEF-4 replenishment agreement. Furthermore, in general the difference in rating of the level of adoption between the Evaluation Office and the GEF Management does not reflect a disagreement about the direction of the adoption. In other words: in most cases the Evaluation Office feels that Management is on track – just not as far towards the end station as Management considers itself to be. In many cases this is because Management is hopefully expecting the Council to agree with its proposals, whereas the Evaluation Office will await the Council’s decisions on these proposals.

39. The lack of progress in providing transparency on management information in the GEF has to be lamented. A Council decision in 2005 and a reminder of Council in 2006 have not yet been adequately met by the Secretariat, which is fully aware of the situation, and has rated its own performance in this regard as negligible. The Evaluation Office again asks attention for the fact that making management information available in a transparent manner is not a question of rocket science or of sophisticated software. It requires sufficient human resources, energy and dedication.
3. Recommendations

Recommendation 1: UNDP and UNEP need to involve social and institutional expertise in project supervision.

40. The issue of inadequate attention to social and institutional issues in GEF projects that had been raised by the evaluation of the Role of Local Benefits in Global Environmental Programs has been confirmed by the assessment of project supervision, for UNDP and UNEP. These agencies need to take steps to ensure that social and institutional issues are adequately supervised in GEF projects.

Recommendation 2: Special attention is required to ensure continued and improved supervision in the new project cycle, through ensuring adequate funding in project fees.

41. As the GEF moves forward with implementation of the resource allocation framework (RAF) and the new fee structure for agencies, it is possible that for some agencies current levels of supervision might be affected. The GEF secretariat and the GEF agencies need to take steps to ensure that quality of supervision is not negatively affected due to these changes. The proposed changes to the GEF Project Cycle (approval procedures, processing time, and responsibilities) and to project modalities (e.g. MSPs) should take into consideration requirements for proper supervision of GEF projects.

Recommendation 3: UNEP should develop a structural approach to supervision of its GEF portfolio.

42. UNEP is invited to identify ways in which it will address its relatively low performance in supervision. In recent years improvements were achieved through the appointment of a GEF portfolio manager who has taken various actions to improve supervision and the quality of project reporting by program managers. However, the portfolio manager will need more structural support by higher levels of management to achieve a more unified, consistent and adequately funded supervision throughout UNEP’s GEF portfolio.

Recommendation 4: all GEF agencies will need to ensure that terminal evaluation reports include adequate information on sustainability of outcomes, quality of M&E systems and reporting on co-financing.

43. The terminal evaluation reports submitted the Evaluation Office have shown little sign of improvement in reporting on sustainability of outcomes, quality of M&E system, and reporting on co-financing. The agencies should take the steps necessary to meet minimum requirement 3 of ‘The GEF Monitoring and Evaluation Policy (Feb 2006)’ detailed in the ‘Guidelines for Implementing and Executing Agencies to conduct Terminal Evaluations.’ They should ensure that information on these issues is included in the terms of reference of the Terminal Evaluations and that draft reports fulfill these terms of reference, or adequately explain why these terms of reference could not be met.
4. **ISSUES FOR THE FUTURE**

44. The minimum requirement 3 of “The GEF Monitoring and Evaluation Policy” stipulates that all terminal evaluations need to assess project performance in achievement of outcomes, likelihood of sustainability of outcomes, and M&E, and provide ratings for it. The policy had been discussed with the GEF agencies in the second half of 2005 and was adopted in February 2006. Most of the terminal evaluation reports submitted in FY 2006, however, pertain to terminal evaluations that were completed before the policy was negotiated. This makes it difficult to assess the level of compliance by the GEF agencies to the criteria specified in minimum requirement 3. The Evaluation Office expects that from next year onwards most of the terminal evaluation reports submitted will be for terminal evaluations conducted after the policy had been adopted. Therefore, from the next APR (FY 2007) the Evaluation Office will also assess whether terminal evaluations meet minimum requirement 3 of the GEF monitoring and evaluation policy.

45. Although the reported co-finance materialization is close to 100 percent at the portfolio level, there is high variance among the projects. The “Evaluation for Incremental Cost Assessment (Nov 2005)" also reported inconsistencies among projects in criteria used to define co-financing. To determine the reasons for high variance in materialization of co-financing at the project level and to ascertain the extent the reported co-financing is consistent with the manner in which it is defined by the Council, verification of actual levels of co-financing is required. This issue will be looked at in future.

**Agency Performance Matrix**

46. The Summary Negotiations on the Fourth Replenishment of the GEF Trust Fund indicates that there will be a Performance and Outcomes Matrix (Scorecard) and required that the GEF Evaluation Office work on the following recommendation:

> “32. The GEF Evaluation Office should report to Council through the Annual Performance Report on the performance of the GEF agencies on project-at-risk systems and the degree of independence and strength of the agency’s evaluation functions, as well as on adherence to the minimum requirements for monitoring and evaluation. Furthermore, the Annual Performance Report should contain other key performance measures, to be developed into a performance and outcomes matrix in line with international methods and standards. The goal should be to set realistic and international best practice targets for ratings and achieve satisfactory ratings in all categories by 2010. Consistent with international best practice, the target for satisfactory outcome ratings should be 75%.” (Annex A: Policy Recommendations, paragraph 32)

47. The matrix presented in Annex A presents the Evaluation Office’s response to the Council request, covering 15 performance parameters, describing the current status of indicators and tools, and a summary of information sources and frequency of reporting in five major areas: Results, Processes affecting Results, Efficiency, Quality of M&E and Learning. This matrix was

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11 Evaluation of Incremental Cost Assessment (GEF/ME/C.30/2)
discussed at the Interagency meeting of February 2007, and comments and suggestions from
Implementing and Executing Agencies and GEFSEC have been incorporated into the present
version. It should be noted that some of the measurement instruments have been developed in
the context of the ongoing Annual Performance Report process, while some others are to be
developed for future reports.

48. Each year, the Evaluation Office will circulate a draft of the performance matrix to the
agencies and ask for their comments, which will be taken into account by the EO prior to
finalizing the matrix for that year’s APR. The Evaluation Office will inform agencies of its
reasons for any changes or decisions not to change ratings as a result of agency comments, and
in cases where an agency may disagree with such a decision, it will have the option to include a
brief statement on the rating which will be included in the annex of that year’s report.
### ANNEX A. AGENCY PERFORMANCE MATRIX

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Agency</th>
<th>Current status of development of indicators and tools used to measure performance</th>
<th>Information source and frequency of reporting</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Results</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Project Outcomes</td>
<td>IAs, EAs</td>
<td>Performance is measured on the basis of desk reviews that verify ratings of project terminal evaluations. First reporting in 2005 Annual Performance Report (APR). The Evaluation Office has been tracking the differences between the ratings given by the Agency’s Independent Evaluation Offices. As differences diminish, the Evaluation Office will verify ratings on a sample of projects and will accept and report to the GEF Council on the basis of the Agency’s Independent Evaluation Office ratings. Reporting on desk verified ratings will continue on an annual basis. Every four years as part of the focal area program studies, and on an opportunistic basis (for example as part of Country Portfolio Reviews) projects will be selected for field verification. The information provided by the APR will also be incorporated in a broader analysis of results that focal area program evaluations will carry out every four years.</td>
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</tr>
<tr>
<td>2. Risks to the sustainability of outcomes</td>
<td>IAs, EAs</td>
<td>Performance will be measured on the basis of desk reviews that verify the risk to project outcome ratings from project terminal evaluations. First reporting done in 2005 APR. The Evaluation Office has been tracking the differences between the ratings given by the Agency’s Independent Evaluation Offices. As differences diminish, the Evaluation Office will verify ratings on a sample of projects and will accept and report to the GEF Council on the basis of the Agency’s Independent Evaluation Office ratings. Reporting on desk verified ratings will continue on an annual basis. Every four years as part of the focal area program studies, and in an opportunistic basis (for example as part of Country Portfolio Reviews) projects will be selected for field verification. The information provided by the APR will also be incorporated in a broader analysis of results that focal area program evaluations will carry out every four years.</td>
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<tr>
<td><strong>Processes affecting results</strong></td>
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<tr>
<td>3. Quality of supervision and adaptive management</td>
<td>IAs, EAs</td>
<td>The Evaluation Office is conducting the first quality of supervision review for GEF Implementing Agencies as part of the 2006 APR. For World Bank projects this review has been carried out in collaboration with the World Bank’s Quality of Supervision Assessment 7. Through this initial quality of supervision review, the Evaluation Office will develop criteria and tools to assess project supervision in other GEF Agencies, considering various aspects of supervision which will include consideration of GEF criteria, recommendations from previous</td>
<td>Reporting will be on a biennial basis. In the future GEF EO will continue to collaborate with future World Bank Quality of Supervision Assessments. Relevant findings on quality of supervision from other evaluations carried out by the Office such as the Local Benefits Study, Country Program Evaluations and the focal area program evaluations will be used in this reporting as well.</td>
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<tr>
<td><strong>Efficiency</strong></td>
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<tr>
<td><strong>4. Project preparation elapsed time</strong></td>
<td>The indicator is the average number of months required to prepare projects. This data is generated by a combination of information provided by agencies and the GEF Secretariat data base. Agencies will be accountable for the elapsed time of preparation tasks for which they are responsible (IA’s or EA’s, GEFSEC). The Evaluation Office will explore ways to define standards for elapsed time, and to improve the reliability of the data for future reporting once Council has approved changes being proposed in the Activity Cycle. This parameter is normally reported in the Project Performance Report on an annual basis, now under the responsibility of the GEF Secretariat. The Annual Performance Report will verify this information on an annual basis. The Joint Evaluation of the Activity Cycle reported on this issue as well.</td>
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<td><strong>5. Implementation completion delays</strong></td>
<td>Indicator: the average number of months of delays in scheduled and actual project closing. This information has been gathered since 2005 by the Evaluation Office as part of the Joint Evaluation of the Activity Cycle and Annual Performance Report process. Reporting will continue on an annual basis.</td>
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<tr>
<td><strong>6. Materialization of Co-financing</strong></td>
<td>Average rate of promised and realized co-financing. This information has been gathered since 2005 by the Evaluation Office as part of the APR process from project terminal evaluations submitted to the Evaluation Office by Implementing and Executing Agencies. Reporting will continue on an annual basis. Also, as part of the focal area program studies, Evaluation Office will assess the reliability of co-financing figures reported in terminal evaluations by Implementing and Executing Agencies.</td>
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<tr>
<td><strong>Quality of M&amp;E</strong></td>
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<tr>
<td><strong>7. Independence of agency central evaluation units</strong></td>
<td>The Office will draw on the ratings and self reporting and peer reviews carried out in the context of the Evaluation Cooperation Group of the Banks (ECG) and the United Nations Evaluation Group (UNEG). The charter and mandate of the various evaluation units will also provide evidence of their degree of independence. Reporting will be on an annual basis, although the data may not change for all agencies each year. The year of validity of the rating will be incorporated in the reporting.</td>
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<tr>
<td>8. Independence of terminal evaluations or independent review of terminal evaluations.</td>
<td>The Office will assess the independence of the Terminal Evaluation process including formulation of terms of references, selection of evaluators, and review of evaluations.</td>
<td>Reporting will be on an annual basis, and will include actions that IAs and EAs have undertaken to further strengthen the independence of their evaluation processes.</td>
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<tr>
<td>9. Realism of risk assessment (Robustness of project-at-risk systems).</td>
<td>IAs, EAs GEF Sec.</td>
<td>The 2005 APR has developed an inventory of IA and EA project-at-risk systems that includes 13 performance parameters. On the basis of these parameters the Office will develop a tool to assess and rate agency systems to identify and manage risk for the 2007 APR. The Office will also develop a tool to assess the treatment of risk by the GEF Secretariat during the project approval process.</td>
<td>The Office will report on project-at-risk systems starting in 2007. The frequency of this reporting (biennial or once during a four year replenishment period) will be decided later on the basis of cost calculations.</td>
</tr>
<tr>
<td>10. Robustness of program result indicators and tracking Tools</td>
<td>GEF Sec, Task forces</td>
<td>An assessment tool will be developed by the EO on the basis of the SMART criteria for indicators. Special attention will be given to GEF specific priorities such as scientific soundness of the system (particularly when there is a heavy reliance in the use of proxy indicators), validity of aggregation, and extent to which GEF indicator systems are properly integrated with IA and EA monitoring systems.</td>
<td>Focal area program evaluations, conducted every four years, will include an assessment of focal area indicators and tracking tools.</td>
</tr>
<tr>
<td>11. Quality assurance of project M&amp;E arrangements at entry</td>
<td>GEF Sec, IAs, EAs</td>
<td>The 2005 APR has developed a rating tool using 13 parameters of quality for the M&amp;E at entry.</td>
<td>Reporting will be on a biennial basis.</td>
</tr>
<tr>
<td>12. Quality of project M&amp;E during implementation</td>
<td>IAs, EAs</td>
<td>Average verified ratings obtained during terminal evaluation reviews. The Evaluation Office has been tracking the differences between the ratings given by the Agency’s Independent Evaluation Offices. As differences diminish, the Evaluation Office will verify ratings on a sample of projects and will accept and report to the GEF Council on the basis of the Agency’s Independent Evaluation Office ratings.</td>
<td>Reporting will be on an annual basis. Every four years as part of the focal area program studies a sample of projects will be selected for field verification.</td>
</tr>
<tr>
<td>Learning</td>
<td></td>
<td></td>
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<tr>
<td>------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------</td>
<td>------------------------------------------------------------------</td>
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<tr>
<td><strong>13. Quality of project terminal evaluation</strong></td>
<td>IAs, EAs</td>
<td>Average verified ratings obtained during terminal evaluation reviews. The Evaluation Office has been tracking the differences between the ratings given by the Agency’s Independent Evaluation Offices. As differences diminish, the Evaluation Office will verify ratings on a sample of projects and will accept and report to the GEF Council on the basis of the Agency’s Independent Evaluation Office ratings. Reporting will be on an annual basis. Every four years as part of the focal area program studies a sample of projects will be selected for field verification.</td>
<td></td>
</tr>
<tr>
<td><strong>14. Management Action Record (MAR)</strong></td>
<td>GEF Sec, IAs, EAs</td>
<td>The MAR keeps track and rates the actions taken to address council decisions on recommendations in Evaluation Office reports. The indicator for this parameter will be the average rating reported in the MAR. Reporting will be on an annual basis.</td>
<td></td>
</tr>
<tr>
<td><strong>15 Quality of lessons in Terminal Evaluations</strong></td>
<td>IAs, EAs</td>
<td>Average ratings of the Office’s terminal evaluation reviews of the lessons presented in project evaluation reports. Reporting will be on an annual basis.</td>
<td></td>
</tr>
</tbody>
</table>