The GEF Annual Performance Report (APR) 2008 is the fifth presentation of assessment of project outcomes, project sustainability, project completion delays, materialization of cofinancing, and quality of monitoring prepared by the Evaluation Office of the Global Environment Facility (GEF). The report, and its methodologies and findings, was a key input to the GEF Fourth Overall Performance Study (OPS4) conducted during 2009. The APR 2008 reviewed 210 projects—representing a total GEF investment of $989 million—for which terminal evaluation reports had been submitted by the GEF Agencies to the Evaluation Office since fiscal year (FY) 2005.

**Findings**

**Results**

Eighty percent of the 205 completed projects reviewed for OPS4 were rated in the satisfactory range in terms of outcome achievement; this is significantly higher than the 75 percent target specified in the GEF-4 replenishment agreement. In terms of GEF investment in the rated projects, 79 percent of the total $983 million was allocated to projects rated moderately satisfactory or above. Medium-size projects were rated somewhat higher than full-size projects, with 84 percent of the former rated as moderately satisfactory or above in terms of achievement of outcomes versus 78 percent of the latter. A larger proportion of projects implemented by the World Bank, as compared to the other GEF Agencies, was rated in the satisfactory range (85 percent), when controlling for other variables such as project size, geographic scope, focal area, and region. National projects implemented in fragile states or in small island developing countries have a lower probability of being rated in the satisfactory range.

Sustainability of outcomes was rated as moderately likely or above for well over half of the projects evaluated. Of the 192 projects rated on this parameter, the sustainability of outcomes for 58 percent (111 projects) was deemed moderately likely or above. Of the total GEF funding ($907 million) in projects rated since FY 2005, 60 percent ($543 million) was invested in projects that were at least moderately likely to have sustainable outcomes.

**Processes**

On average, the materialization of cofinancing reported by the GEF Agencies is close to that promised at project approval. Of the 285 terminal evaluation reports submitted to the Evaluation Office since FY 2002, information on cofinancing is available for 210 projects. For these, the Agencies promised an average of $3.20 in cofinancing for every GEF $1.00 granted. The actual cofinancing reported was slightly lower—$3.00—a materialization rate of 95 percent. Projects for which a lesser proportion of promised cofinancing actually materialized have a lower probability of being rated in the satisfactory range. However, it is not clear whether lower materialization of cofinancing drives lower levels of achievement or the reverse; this and related issues will be explored in future APRs.

This year, the Office presents an assessment of the drivers of lower outcome performance for the completed projects reviewed for OPS4. Of the 210 projects reviewed, the outcome rating of 40 projects was in the unsatisfactory range. For 30 projects, weakness in project design was reported to be the key driver of low outcome achievements. For 24 projects, lower outcome achievements were linked with implementation and execution-related problems. Projects ending during OPS4 were completed after an average delay of 16 months; 22 percent were completed after a delay of at least two years. The Evaluation Office began tracking project completion delays in FY 2005, but no definitive trend is yet discernible. The average delay was 19 months for the FY 2005 cohort, 13 months for the FYs 2006 and 2007 cohorts, and 18 months for the FY 2008 cohort. Delays of two years or more were experi-
enanced by 44 percent of the projects in the FY 2005 cohort, 17 percent of the FY 2006 cohort, 14 percent of the FY 2007 cohort, and 26 percent of the FY 2008 cohort.

**Monitoring and Evaluation**

There has been a significant improvement in the quality of M&E arrangements at the point of endorsement by the GEF Chief Executive Officer (CEO), with 76 percent of the full-size projects endorsed by the CEO during FY 2008 meeting minimum M&E requirements in effect, compared to 58 percent in compliance with FY 2005 minimum requirements. A greater proportion of World Bank and climate change projects were rated as in compliance in FY 2008 than in FY 2005. For other Agencies and focal areas, the number of observations is too small to allow similar conclusions. However, for most, the direction of change is consistent with the overall trend.

**Terminal Evaluations**

For the first time, the APR provided an assessment of the independence of the terminal evaluations submitted by the GEF Agencies. Those submitted by the United Nations Development Programme and the United Nations Environment Programme were found to be satisfactory, on a six-point scale, for both full- and medium-size projects. The independence of the terminal evaluations submitted by the World Bank varies by project size. Those for full-size projects were rated highly satisfactory because the Bank’s evaluation unit performs desk reviews of these evaluations as well as field verifications for a sample of them. The independence of terminal evaluations for medium-size projects, however, was rated moderately unsatisfactory because they do not undergo any review by the evaluation unit.

**Performance Matrix**

The performance matrix provides a summary of the performance of the GEF Agencies and GEF Secretariat on 13 parameters, covering key areas such as results, processes affecting results, efficiency, M&E, and learning. Several of the parameters included in the matrix are assessed by the Evaluation Office on an annual basis; this year’s report highlighted the assessment of terminal evaluations described above.

**Recommendations**

The APR 2008 was prepared to provide input to OPS4. Therefore, it was presented to the GEF Council as an information document, and there are no recommendations.

The GEF Evaluation Office is an independent entity reporting directly to the GEF Council, mandated to evaluate the focal area programs and priorities of the GEF.

The full version of the *GEF Annual Performance Report 2008* (Evaluation Report No. 49, 2009) is available in the Publications section of the GEF Evaluation Office Web site, wwwgefseo.org. For more information, please contact the GEF Evaluation Office at gefevaluation@thegef.org.