The seventh annual performance report of the Global Environment Facility (GEF), *GEF Annual Performance Report 2010*, focuses on completed projects for which terminal evaluations were submitted during fiscal year 2010. The report, prepared by the GEF Independent Evaluation Office, presents an assessment of project outcomes, project sustainability, delays in project completion, materialization of cofinancing, and the quality of monitoring and evaluation (M&E) in completed projects. The main cohort for the report is terminal evaluations from 46 projects submitted to the Office in 2010, accounting for $158.6 million in GEF funding.

Report findings are based principally on evidence presented in the project terminal evaluation reports, with verification of performance ratings accomplished through desk reviews. The GEF Independent Evaluation Office accepts ratings provided by the evaluation offices of the main GEF Agencies—United Nations Development Programme, the United Nations Environment Programme, and the World Bank—for some projects. This year, terminal evaluations for 21 such projects have been accepted from these Agencies. To ensure compatibility, the GEF Independent Evaluation Office reviews a sample of terminal evaluations received from all Agencies.

**Findings and Conclusions**

Project outcome ratings are based on criteria of relevance, effectiveness, and efficiency. *Ninety-one percent of completed projects, or 42 out of 46 projects, were rated in the satisfactory range (moderately satisfactory or higher) for outcome achievements.* This is the same as the FY 2009 figure of 91 percent; the long-term average of projects with an outcome rating of moderately satisfactory or above is 84 percent. Eighty-eight percent of the total GEF investment in the rated projects of 2010 was allocated to projects rated moderately satisfactory or above.

**Sustainability of outcomes** is rated based on an assessment of the level of risks to the sustainability of outcomes along four dimensions: financial, sociopolitical, institutional and governance, and environmental. Twenty-nine of the 46 projects were rated moderately likely or above for overall sustainability of outcomes. Financial and environmental risks were the most frequently cited threats to outcome sustainability. Three-quarters of the total GEF investment in FY 2010 ($119.7 million out of a total $158.6 million) went to the projects rated moderately likely or above in terms of the sustainability of their outcomes. This percentage is considerably higher than the FY 2009 level of 66 percent and the six-year average (2005–10) of 63 percent.

**GEF Agencies on average reported higher than expected levels of cofinancing.** The GEF Council views cofinancing to be an indicator of a project’s sustainability, country ownership, and the mainstreaming of GEF activities into those of its partner institutions. For the FY 2010 cohort, the overall ratio of promised cofinancing to the GEF grant amount at approval was 2.2. The overall percentage of actual cofinancing to promised cofinancing was 138 percent. This percentage was similar to the FY 2009 cohort’s level of 132 percent and higher than the 93 percent calculated for the period FY 2005–08.

The Evaluation Office began tracking **project completion delays** (expected completion date and actual completion date) in FY 2005. Of the 291 projects for which these data are available, 21 percent were completed after a delay of two years or more, and 10 percent after a delay of three years or more. Of the 46 projects in the FY 2010 cohort, data on completion delays were available for 40. Thirteen percent of these 40 projects were completed...
after a delay of two years or more; another 10 percent were completed after a delay of three or more years. In comparison to the long-term distribution, the majority of projects of the FY 2010 cohort tended to experience shorter delays in completion.

Quality of M&E implementation was rated moderately satisfactory or above for 57 percent of the projects of the FY 2010 cohort. The GEF Independent Evaluation Office rates the quality of project M&E based on criteria that include (1) whether an M&E system is in place throughout the project implementation period, (2) whether annual project reports are complete and accurate, (3) whether information provided by M&E systems is used for project management, and (4) whether those responsible for M&E are properly trained and qualified. A strong correlation was observed between quality of M&E arrangements at entry (when the project is entered into the GEF system) and actual quality of M&E during implementation.

Eighty-four per cent of terminal evaluations submitted in 2010 were rated moderately satisfactory or above. This represents a drop from the 2009 and 2008 levels of 96 percent and 92 percent, respectively, largely due to the relatively high number of World Bank medium-size projects in this year’s sample. As the World Bank does not prepare independent terminal evaluation reports for medium-size projects, the quality ratings for the terminal evaluation documents provided for these projects tend to be low.

No improvement can be reported on the long time lags between terminal evaluation report completion and submission to the GEF Evaluation Office. GEF Agencies are required to submit terminal evaluation reports within a year of project completion. Out of 41 projects for which terminal evaluation reports were submitted, the majority (59 percent) was submitted between 13 and 24 months after project closure. In the FY 2009 and 2008 cohorts, slightly over 50 percent of reports were submitted within 12 months of project closure. The sharp decline in this year’s cohort is most likely due to the fact that for those instances in which the exact date of submission was unknown, the analysis imputed a date of August 2010.

Regarding the lag between report completion and submission, 9 percent of the FY 2010 cohort of terminal evaluation reports was submitted within two months of completion. For 39 percent, this lag was between two months and one year. For 52 percent, the lag exceeded a year. In comparison with previous years, particularly FY 2009, this represents a sharp decline.

Recommendations
To improve efficiency of the project review process, the report recommended that the GEF Evaluation Office and GEF Agencies review the terminal evaluations process to ensure a streamlined process with fewer delays, and improve the availability of project information.

Issues for the Future
The GEF Independent Evaluation Office will assess reporting systems being used by any new Agencies partnering with the GEF regarding terminal evaluation processes.

The Office will look for innovative and new ways to review data on completed projects.

GEF Council Decision
The GEF Council requests that the GEF Independent Evaluation Office strengthen its collaboration with the independent evaluation offices of the GEF Agencies on the review of terminal evaluations to ensure a more streamlined process. This will lead to a reduction of delays in submitting terminal evaluations and improve information concerning project status.