
GEF Council
June 29-July 2, 2010

Agenda Item 9

ANNUAL PERFORMANCE REPORT 2009

(Prepared by the GEF Evaluation Office)

Recommended Council Decision

The GEF Council, having reviewed document GEF/ME/C.38/4, “*Annual Performance Report 2009*,” as well as GEF/ME/C.38/5, “*Management Response to the Annual Performance Report 2009*,” requests the GEF Evaluation Office, the Secretariat and the agencies to work together in identifying and implementing measures to improve the quality of information available through PMIS on the status of projects through the project cycle. The Evaluation Office is requested to report on the progress made in Annual Performance Report 2010.

EXECUTIVE SUMMARY

1. This document is the sixth annual performance report (APR) that the Global Environment Facility (GEF) Evaluation Office has presented. The report presents a detailed account of some aspects of project results, of processes that may affect these results, and of monitoring and evaluation (M&E) arrangements in completed GEF projects. This APR also contains an assessment of the GEF approach to cofinancing, a summary of the findings of the follow up assessment on quality of supervision, and an assessment on GEF approach to agency fees. For the third time, a performance matrix, which summarizes the performance of the GEF Agencies and the GEF Secretariat on various parameters tracked by the Office, is presented. It is primarily based on a review of 340 projects for which terminal evaluations have been submitted to the Evaluation Office so far. The special focus is on 55 completed projects for which terminal evaluations were submitted during the FY2009.

2. The APR primarily involves review of the evidence presented in the terminal evaluation reports, with verification of performance ratings based primarily on desk reviews. The evaluation offices of several agencies have been conducting similar reviews for the past couple of years. To reduce duplication of effort, this year on a sample basis the GEF Evaluation Office has accepted the ratings provided by the evaluation offices of UNEP and the World Bank for 12 projects. To ensure comparability the Office will continue to review a representative sample of terminal evaluations.

3. The APR 2009 contains the following conclusions:

- a. Outcome achievements of 91 percent of completed projects reviewed for FY2009 were rated in the satisfactory range. This is higher than the long term average of 83 percent. However, given that the annual figures are prone to fluctuations this may not indicate a long term trend.
- b. GEF gains from mobilization of cofinancing through efficiency gains, risk reduction, synergies, and greater flexibility in terms of the types of projects it may undertake. However, although important, the role of cofinancing is sometimes overstated.
- c. There has been a significant improvement in UNEP's performance on supervision services provided to GEF projects. The quality of supervision provided by the World Bank and UNDP continues to be in the satisfactory range for a high percentage of projects.
- d. The present GEF approach to agency fees does not take into account the differences in the project portfolios of its agencies. Consequently, it is disadvantageous to agencies that have greater representation of medium size projects and enabling activities in their project portfolios.
- e. Compared to the long term average of 55 percent, the quality of 72 percent of the terminal evaluations submitted during FY2009 was rated satisfactory or above.

- f. Long time lags and uncertainty in completion and submission of terminal evaluation reports continue to be a concern.
4. Based on the analysis presented in the APR the following recommendation is made: The GEF Evaluation Office, the Secretariat and Agencies should collaborate to identify steps to improve the quality of information available through PMIS on the status of projects through the project cycle.
5. The GEF Evaluation Office will assess the efficacy of the indicators reported on, and of tools and instruments used for assessments, in the APR.
6. The Office will seek identify ways to improve reporting on completed projects and to improve efficiency in the review process through devolution to the independent evaluation offices of the agencies
7. The full version of the Annual Performance Report 2009, including the detailed data, reviews, analysis and methodological justification, will be published on the website of the Office at the same time as this Council working document. The Management Actions Records are published separately on the Evaluation Office website: www.gefeo.org.

BACKGROUND

8. This document is the sixth annual performance report (APR) that the Evaluation Office presents. It includes a detailed account of some aspects of project results, of processes that may affect these results, and of monitoring and evaluation (M&E) arrangements in completed GEF projects. This APR also contains an assessment of the GEF approach to cofinancing, a summary of the findings of the follow up assessment on quality of supervision, and an assessment on GEF approach to agency fees. For the third time, a performance matrix, which summarizes the performance of the GEF Agencies and the GEF Secretariat on various parameters tracked by the Office, is presented.
9. The APR 2009 continues the annual presentation of assessment of project outcomes, project sustainability, project completion delays, materialization of cofinancing, and quality of monitoring in completed projects. So far terminal evaluations for 340 projects, which represent US\$ 1,586 million in GEF funding, have been submitted to the GEF Evaluation Office. These include terminal evaluations for 55 projects submitted to the Office in FY2009 and that account for US \$ 208 million in GEF funding.
10. For the **assessment of project outcomes, project sustainability, and delays in project completion**, 265 projects, for which terminal evaluation reports were submitted by the GEF Agencies to the Evaluation Office since FY 2005, have been considered.
11. For reporting on **materialization of cofinancing** all 340 projects for which terminal evaluation reports have been submitted since FY 2002 were considered. Of these, information on materialization of cofinancing has been reported for 265 projects (78 percent). The GEF has invested a total of US \$ 1,195 million in these 265 projects; the implementing agencies reported

that a cofinancing of US \$ 3,594 million materialized during implementation. For the 55 projects of the FY 2009 cohort, the agencies reported that a cofinancing of US \$ 631 million materialized during implementation.

12. The assessment of the **GEF approach to cofinancing** is primarily based on the review of project documents for recently approved projects and terminal evaluations for completed projects. The follow up assessment on **quality of supervision**, which tracks changes from the pilot assessment presented in APR 2006, is based on the review of a representative sample of 47 projects that were under implementation during FY2007 and FY2008. The assessment of **GEF approach to agency fees** is based on the review of GEF approaches – both present and past – to support agency expenses on corporate activities and on project cycle management.

13. This year's **management action record (MAR)** tracks the level of adoption of 34 Council decisions based on 13 evaluation reports. The Evaluation Office was able to verify 32 of these decisions. Five of these decisions that achieved 'high' adoption ratings have been graduated and, therefore, will not be tracked in the next MAR.

14. The **performance matrix** provides a summary of the performance of the GEF Agencies and the GEF Secretariat on relevant parameters. The matrix is limited to the three implementing agencies and the Secretariat because the completed projects from the other GEF agencies are still not significant. Most of the parameters included in the matrix are assessed on an annual basis by the Evaluation Office whereas others are tracked after two to three years. This year, ratings have been presented on 10 of the 13 parameters.

15. The APR primarily involves review of the evidence presented in the terminal evaluation reports, with verification of performance ratings based primarily on desk reviews. The evaluation offices of several agencies have been conducting similar reviews for past couple of years. Since FY 2007 the UNEP's Evaluation Office has been providing performance ratings for all the completed GEF projects. Similarly, The World Bank's Independent Evaluation Group (IEG) conducts desk reviews of all the terminal evaluation reports produced by the management for the full size projects and conducts more intensive field verifications for a sample of these projects. The GEF Evaluation Office has tracked the ratings provided the evaluation offices of the agencies and has found that these match well with its ratings. This is in contrast to the comparisons with ratings provided in the terminal evaluations which, when compared to the ratings provided by the Office, tend to be more optimistic. To reduce duplication of effort, this year on a sample basis the GEF Evaluation Office has accepted the ratings provided by the evaluation offices of UNEP and the World Bank for 12 projects. The Evaluation Office of UNDP started desk verification of the outcome achievements of completed projects this year. However, because the difference between its ratings and the GEF Evaluation Office ratings has not been tracked for long, its ratings were not adopted. In future, when its ratings are found to be consistent, the Office will adopt them. To ensure comparability the Office will continue to review a representative sample of terminal evaluations.

16. Beginning FY 2007 the Evaluation Office has been conducting field verifications of achievements of a sample of completed projects. This year, the field verification process has been combined with the Country Portfolio Evaluations (CPE) being conducted by the Office. This

allows the Office to reduce costs involved in conducting separate verifications and gain from the synergies with the CPE. In the past year achievements of the ‘Biodiversity and Natural Resources Management Project’ in Turkey (GEF ID 458; World Bank) were field verified as part of the CPE. So far achievements of 14 completed projects have been field verified. Of the 14 projects, based on the desk reviews the outcome achievements of 10 were rated in the satisfactory range whereas based on field verifications 11 were rated in this range. This said the number of projects whose achievements have been field verified is still not sufficient to allow identification of patterns and trends.

FINDINGS AND CONCLUSIONS

Results

Conclusion 1: Outcome achievements of 91 percent of completed projects reviewed for FY2009 were rated in the satisfactory range. This is higher than the long term average of 83 percent. However, given that the annual figures are prone to fluctuations this may not indicate a trend.

17. **Attainment of project outcomes.** The Evaluation Office rated the achievement of project outcomes on criteria of relevance, effectiveness, and efficiency. The key findings of this assessment are as follows:

- Of the 55 projects of the FY2009 cohort, 91 percent were rated moderately satisfactory or above (table 1).
- Of the total \$208 million GEF investment in the rated projects of FY2009 cohort, 92 percent had been allocated to projects that were rated moderately satisfactory or above.
- Including the FY2009 cohort, so far 260 projects have been rated on outcome achievements. Of these, outcome achievements of 83 percent have been rated moderately satisfactory or above. Of the total GEF investment in rated projects, 82 percent is in projects that were rated moderately satisfactory or above.

18. Among the agencies, within the FY 2009 cohort outcome achievements of all the projects of UNEP were rated moderately satisfactory or above. For World Bank and UNDP these figures are 94 percent and 82 percent, respectively.

Table 1: Outcomes and Sustainability of Outcomes

Fiscal Year	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Number of TE submitted	41	66	41	62	55
Number of projects with outcomes rating	39	64	40	62	55
Percentage rated MS or above in outcomes rating	82%	84%	73%	81%	91%
Number of projects with sustainability of outcomes rating	39	54	39	60	51

Percentage rated ML or above in sustainability of outcomes rating	49%	65%	59%	57%	71%
Number of projects rated both on outcomes and sustainability of outcomes	39	54	39	60	51
Percentage of rated projects with MS/ML or above in both	44%	61%	51%	55%	67%

19. **Sustainability of project outcomes.** This is rated based on the level of risks to sustainability of outcomes on four dimensions: financial, sociopolitical, institutional and governance, and environmental. Of the 55 projects from the FY 2009 cohort, 51 were rated. The key findings of this assessment are:

- Of the 51 projects of the FY 2009 cohort that were rated, the sustainability of outcomes of 71 percent (36 projects) was rated moderately likely or above (table 1).
- Of the four risks to sustainability dimensions, financial risks and institutional risks were found to pose the most frequent threat. Financial risks and institutional risks separately posed threat to sustainability of outcomes for 19 percent of projects.
- Of the total GEF investment in rated projects of FY 2009 cohort, 64 percent was in projects that were rated moderately likely or above in terms of the sustainability of their outcomes.

20. The Evaluation Office assessed the extent to which projects that were rated moderately satisfactory or above in achievement of outcomes were also rated moderately likely or above in sustainability of outcomes. It found:

- Of the 51 rated projects, 67 percent were rated both moderately satisfactory or above in outcomes and moderately likely or above in sustainability.
- In terms of GEF investment, 63 percent was invested in projects that were rated both moderately satisfactory or above in outcomes and moderately likely or above in sustainability.

Processes

Conclusion 2: GEF gains from mobilization of cofinancing through efficiency gains, risk reduction, synergies, and greater flexibility in terms of the types of projects it may undertake. However, although important the role of cofinancing is sometimes overstated.

21. The GEF Council views cofinancing to be an indicator of a project's sustainability¹, country ownership², and mainstreaming³ of GEF activities in activities of the partner institutions,

¹ Highlights of Council Discussions, Agenda Item 9 – Work Program Submitted for Council Approval, December 1999.

² Highlights of Council Discussions, Agenda Item 11 – Strategic Approach to Enhance Capacity Building, November 2003.

³ Discussions of the Council, Agenda Item 7 – Work Program, April/May 1997.

and way to mobilize additional resources for the global environment⁴. The Council has shown continued preference for a higher overall cofinancing ratio for GEF project portfolio. The Secretariat publications also portray cofinancing as an indicator of the effectiveness of GEF in mobilizing additional resources for generation of global environmental benefits. A few documents clearly state that the high cofinancing ratio achieved is an indicator of GEF's "multiplier" effect in generating additional resources for generation of global environmental benefits⁵.

22. Although quality of reporting on cofinancing both in project proposals and in terminal evaluations is improving, often reporting on cofinancing is not consistent with the agreed definition of cofinancing. The agreed definition, adopted in 2003 (GEF/C.20/6/Rev.1), points out several key conditions. For a contribution to be considered cofinancing: a contribution should be managed with the GEF allocation; should be part of the initial financial package; and, should be essential to achievement of GEF objectives. For many projects the reported cofinancing does not appear to meet these conditions. Further, usage of cofinancing ratio as a means to track adequacy of cofinancing for the GEF portfolio has its pitfalls as this ratio is prone to be skewed by outliers.

23. Although the case for seeking cofinancing remains strong, findings of the Office's enquiries on this topic indicate that the context of characteristics of the given project and that of the contributors of cofinancing need to be taken into account. The key findings of the assessment of the GEF approach to cofinancing are:

- Often the portrayal of cofinancing does not take into account replacement effects. While cofinancing may bring additional resources to a project, this may not imply additional resources at the systemic level. About 10 percent of the reported cofinancing promised to the GEF projects approved in FY2007 to FY 2008 was committed by partners that included global and national organizations with a focus on environmental issues.
- Of 117 projects for which terminal evaluations were submitted during the period FY2008 to FY2009, information on whether materialized cofinancing was managed along with the GEF grant was available for 38. For these 38 projects, of the reported materialized cofinancing of US \$ 384 million, 43 percent of the total was managed by the project management unit whereas 57 percent was managed by other entities.
- Of the 117 projects of FY2008 and FY2009 cohort the information on when the cofinancing was mobilized is available for 93 projects. Of these for 25 percent at least some of the reported materialized cofinancing was mobilized after the implementation of respective project. In many of these instances the mobilized cofinancing (which is supposed to be an input) was simultaneously depicted as an outcome of the project.
- The overall cofinancing ratio gets skewed by outliers. Of the 340 projects for which terminal evaluations have been submitted since FY2002, agencies have reported data on materialized cofinancing for 265. The top 10 projects accounted for 55 percent of the

⁴ Joint Summary of Chairs: Highlights of Council Discussions – Agenda item 9, Cofinancing, October 2002.

⁵ GEF Contributions to Agenda 21, GEF, June 2000 (page 15); GEF... Dynamic Partnerships: Real Solutions, GEF, 2002 (page 6); GEF Annual Report 2005, GEF, 2005, (page 13).

total reported materialized cofinancing for these 265 projects. The project with most cofinancing – Sichuan Gas Transmission and Distribution Rehabilitation (GEF ID, 75) – alone accounts for 26 percent of the total.

- Projects that mobilize high levels of cofinancing and have high cofinancing ratios tend to be implemented by the development banks. These projects differ from others in important characteristics such as the priorities covered, proportion of cofinancing that supports ‘GEF-able’ activities, and level of integration with the GEF supported components. This finding has been discussed in detail in the Fourth Overall Performance Study (OPS4) of GEF (see section 4.1 of OPS4, page 145⁶).

24. The replacement effects involved in cofinancing contributed by organizations whose objectives are congruent with those of the GEF, and when they are not the fact that the nature of projects undertaken itself tends to change, undermines the “multiplier” argument. However, in some situations cofinancing does seem to lead to economies of scale. In certain situations it appears to allow GEF to reduce its risks by not having to fund by itself a project that requires substantial financial commitment.

25. In situations where GEF seeks cofinancing from contributors that – within the given project’s context – pursue objectives congruent to those pursued by the GEF, an overwhelming proportion of the benefits from the project are likely to be in form of global environmental benefits. In situations where GEF seeks cofinancing contributions from organizations whose objectives are not congruent with those pursued by the GEF – for example private sector organizations – substantial benefits may be national, local and private. However, the global environmental benefits generated by the project may more than compensate for the funding provided by the GEF.

26. Flexibility to support project from either of these categories increases the pool of potential projects from which GEF can choose. The present GEF approach to assess feasibility of the project proposals from adequacy of cofinancing (parameter 21 and 22 of the project review form), given the characteristics of the proposed project, is appropriate. However, tracking the cofinancing ratio at the overall project portfolio level may not be appropriate given that it is easily affected by outliers and, thus, creates incentives for preferring one class of the projects over the other without the justification being rooted in the additional global environmental benefits being generated.

27. The Evaluation Office will continue to look into this issue and develop further methodology to identify and measure trade-offs and win-win situations between co-funding possibilities and achievement and maximization of global environmental benefits.

⁶ For details see page 145, section 4.1 of OPS4 (2010).

<http://www.thegef.org/gef/sites/thegef.org/files/documents/FULL%20REPORT OPS4%20Progress%20Toward%20Impact.pdf>.

Quality of Supervision

Conclusion 3. There has been a significant improvement in UNEP's performance on supervision services provided to GEF projects. The quality of supervision provided by the World Bank and UNDP continues to be in the satisfactory range for a high percentage of projects.

28. The findings of the follow up assessment (2009) on quality of supervision are based on review of a representative sample of 47 projects that were under implementation during the period FY2007 to FY2008. To track changes the findings of this assessment have been compared with those of the pilot assessment that had been presented in APR2006. The key findings are:

- The percentage of projects rated moderately satisfactory or above for overall quality of supervision showed a slight increase – from 81 percent (pilot assessment) to 85 percent (follow up assessment).
- Among the agencies, UNEP showed a substantial improvement in performance – percentage of UNEP implement projects that rated moderately satisfactory or above in quality of supervision increased from 36 to 73 percent.
- A high percentage of World Bank (86 percent) and UNDP (92 percent) implemented projects were rated moderately satisfactory or above on overall quality of supervision.
- The improvement in UNEP performance was achieved on account of the steps taken by it during the period between the two assessments. UNEP implemented a risk tracking system that facilitates risk identification during project preparation and tracking of these risks and mitigating actions during project implementation. It also strengthened its oversight by requiring focal area team leaders to regularly monitor the follow up given by task managers to risky projects and by appointing a staff dedicated to monitoring project progress and supervision at the portfolio level.

29. UNDP addresses social issues in projects as part of its Humans Rights Based Approach to Development and has developed specific tools, guidance and processes to address social issues in a comprehensive manner. The World Bank addresses these issues through 'Social and Environmental Safeguards' that it put into place to prevent and mitigate undue harm to people and their environment. UNEP requires a social assessment of GEF projects during preparation and an annual reporting of social risks during implementation. It also covers social issues in its institutional strategies and policy statements. However, at the time the follow-up review was conducted, UNEP was not as advanced as UNDP and the World Bank in developing strategies and policy statements into specific tools, guidance and processes.

Agency Fees

Conclusion 4: The present GEF approach to agency fee does not take into account the differences in the project portfolios of its agencies. Consequently, it is disadvantageous to agencies that have greater representation of medium size projects and enabling activities in their project portfolios.

30. Although the present approach to providing for agency costs through a uniform project fee rate of 10 percent of the GEF grant has advantages in terms of bringing uniformity across the GEF partnership, being simple to implement, and being transparent, it does not take into account the agency cost differences across different project categories. It is generally agreed that per dollar of GEF grant the cost of implementing medium size projects and enabling activities is on average higher than that for full size projects, and that different agencies across the GEF partnership have differences among their portfolios in terms of the project mix. The present approach of a uniform agency fee rate for all categories of project, therefore, places those agencies at a disadvantage that have (and are expected to have) a relatively greater proportion of medium size projects (MSPs) and enabling activities in their GEF project portfolio.

Project Completion Delays

31. The Evaluation Office began tracking project completion delays in FY 2005. Of the 250 projects for which this data is available, 27 percent were completed after a delay of at least two years and 11 percent after a delay of three years or more. Of the projects of FY 2009 cohort, 32 percent were completed after a delay of at least two years and 17 percent after a delay of at least three years. Thus, in comparison to the long term distribution, projects of the FY2009 cohort tended to have greater delay in completion.

MONITORING AND EVALUATION

32. Among the projects of FY 2009 cohort, 62 percent were rated moderately satisfactory or above in terms of monitoring during implementation (table 2). A reason for persistence of lower performance is because most these projects had been designed before the adoption of the M&E policy (2006) by the GEF.

Table 2 Quality of monitoring during project implementation

FY of TE submission	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Terminal evaluation reports submitted	42	41	66	41	62	55
Projects rated on M&E	29	32	46	33	50	39
Percentage of projects rated moderately satisfactory or above	55%	66%	78%	61%	72%	62%

33. The analysis of the information pertaining the projects of the FY2009 cohort, is consistent with findings of previous APRs (APR 2006, APR 2007 and APR 2008) indicating a strong

correlation between quality of M&E arrangements and actual quality of monitoring during implementation. Of the completed projects from the FY2009 cohort that were rated both on quality of monitoring during implementation and quality of M&E at entry, only 22 percent of those rated in the unsatisfactory range on quality at entry were rated in the satisfactory range during implementation. In contrast, of those rated in the satisfactory range on quality of M&E at entry, 72 percent were also rated in the satisfactory range during implementation.

Conclusion 5: Compared to the long term average of 55 percent, the quality of 72 percent of the terminal evaluations submitted during FY2009 was rated satisfactory or above.

34. Since 2004, when the Evaluation Office first started rating the quality of terminal evaluations, 307 terminal evaluations have been submitted. Of these, the quality of 87 percent of reports has been rated moderately satisfactory or above. Fifty five percent of the reports achieved a higher rating standard of satisfactory or above. In comparison, for the FY 2009 cohort 96 percent of the terminal evaluation reports were rated moderately satisfactory and 72 percent achieved a higher rating standard of satisfactory or above. This is in line with conclusions drawn in past APRs that quality of terminal evaluations has been improving.

Conclusion 6: Long time lags and uncertainty in completion and submission of terminal evaluation reports continue to be a concern.

35. As per the GEF Evaluation Office ‘Guidelines for Implementing and Executing Agencies to Conduct Terminal Evaluations’ (May, 2007) the agencies should submit terminal evaluations within 12 months of project completion. Of the terminal evaluation reports submitted in FY2009, 53 percent meet the 12 month target. Thirteen percent of the reports had been submitted after a time lag of more than two years.

36. When time lag between terminal evaluation completion and its submission to the Office is considered, for the FY2009 cohort in 45 percent of instances agencies met the two month target specified in the terminal evaluation guidelines. Twenty three percent of terminal evaluations had been submitted after a time lag of more than a year and for 5 percent the time lag was more than two years.

37. Compared to the time lags in terminal evaluation completion and submission, a bigger concern is the uncertainty regarding status of projects. Despite significant improvements in quality of PMIS, the quality of information on project status remains weak. After projects are approved (MSPs) or endorsed (FSP) by the CEO, their status is generally not updated regularly and consistently. As a result, it is difficult to determine whether a project has been completed. Resolution of this concern requires collaborative efforts from the Secretariat, agencies and the Evaluation Office.

MANAGEMENT ACTION RECORD

38. The Management Action Records (MAR) keep track of the level of adoption of Council’s decisions on the basis of evaluation findings and recommendations. This year’s MAR tracks the level of adoption of 34 Council decisions based on 13 GEF Evaluation Office documents by

presenting ratings from GEF management and verification of these ratings by the Evaluation Office. The Evaluation Office was able to verify the adoption of 32 of these 34 decisions.

39. Of the 32 Council Decisions for which adoption was rated, for five (16 percent) it was rated as ‘high’. Two of these decisions pertain to the ‘Evaluation of the GEF Support to Biosafety’ and are related to the Council’s request to the GEF to provide assistance to countries for the implementation of the Cartagena Protocol. The adoption of the Council decision based on ‘The Mid Term Review of the Resource Allocation Framework’ (RAF) requesting the GEF Secretariat to “present steps to improve RAF design and indices for the climate change and biodiversity focal areas for GEF-5, and furthermore to present scenarios for possible expansion of the RAF, if feasible, to all focal areas for GEF-5” was also rated to be ‘high’. Other decisions for which adoption was rated “high” were based on the ‘*Evaluation of Incremental Cost Assessment*’ and the ‘*GEF Country Portfolio Evaluation in Philippines*’. The former decision requested the GEF Secretariat to present new “Operational Guidelines for the Application of the Incremental Cost Principle”, while the latter requested the GEF Secretariat to develop proposals for development of country assistance strategies leading to better coordination and programming at the country level.

Table 3: Ratings of GEF Progress in Adopting Council Decisions

Management ratings	GEF EO ratings					Total
	High	Substantial	Medium	Negligible	Not possible to verify yet	
High	3	7	1	0	0	11
Substantial	2	8	1	0	2	13
Medium	0	2	6	1	0	9
Negligible	0	0	0	1	0	1
Not possible to verify yet	0	0	0	0	0	0
Sum of GEF EO ratings	5	17	8	2	2	34

40. Of the 32 Council Decisions for which the level of adoption was rated, 53 percent were rated to be ‘substantial’ and 25 percent as ‘medium’. For two decisions (6 percent) the level of adoption was rated to be negligible. The adoption of the Council decision based on the ‘*Joint Evaluation of the Small Grants Programme*’ that the GEF revise “the current criteria for access to SGP resources to maintain cost efficiency” was rated as negligible because specific proposals on revision of the criteria for access to SGP resources had not yet been submitted to the Council. The adoption of the Council decision based on the Annual Country Portfolio Report (2009) that GEF “conduct a survey of countries in exceptional situations concerning limited access to GEF partner International Financial Institutions, like Syria” was rated negligible because action on this decision

has been stalled till the replenishment for GEF5 is completed and resources are made available for this task.

41. Since its start the MAR has tracked the level of adoption for 92 GEF Council decisions based on 23 evaluations. Of these, 63 have graduated. Of the graduated decisions, 43 percent have been graduated because their adoption was rated 'high'. These include the five for which adoption was rated high in FY2009. The remainder had been graduated because they ceased to be relevant. In most instances this has happened due to higher level GEF policy shifts that rendered the earlier decisions irrelevant in emerging context.

PERFORMANCE MATRIX

42. 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 already assessed by the Evaluation Office on an annual basis. Since performance ratings on these parameters fluctuate from year to year, running averages of two to four years, depending on the parameter, are used in the matrix (see Annex B). Of the 13 parameters included in the performance matrix, ratings have been provided on 10. The information provided for parameter 13, improvement in performance, addresses only four of the parameter's 12 dimensions. In the future, as data for more years become available, it will be possible to track improvements on a greater number of dimensions.

43. The project outcome achievement figures included in the matrix are based on the four year running averages. Of the projects for which terminal evaluations have been submitted since FY 2006, the Evaluation Office rated outcome achievements (parameter 1) of 83 percent to be moderately satisfactory or above. The outcome achievements of 87 percent of the World Bank and UNEP projects have been rated in the satisfactory range. The considerable improvement in UNEP's ratings is because of inclusion of FY 2009 cohort, where outcome achievements of all of the UNEP projects have been rated in the satisfactory range. Outcome achievements of 76 percent of UNDP projects were rated in the satisfactory range (see table 4).

44. The ratings for quality of supervision and adaptive management (parameter 2) have been updated this year due to availability of data from the follow up assessment on quality of supervision (2009). The quality of supervision for a high percentage of projects implemented by UNDP and the World Bank continue to be rated in the satisfactory range. Compared to the pilot assessment (FY2006) findings, the performance of UNEP has improved.

45. The ratings for realism of risk assessment (parameter 8) were also updated due to availability of data from the follow up assessment on quality of supervision. For this parameter the ratings provided on 'candor and realism' in supervision reporting (within the assessment of quality of supervision) is taken into account. The percentages of projects implemented by UNDP (77 percent), UNEP (73 percent) and World Bank (80 percent) that rated as moderately satisfactory or above are in a narrow range.

Table 4: GEF Agency and Institutions Performance Matrix

Parameter ⁷	UNDP	UNEP	World Bank	GEF Secretariat	Overall GEF Performance
Results					
1. Project Outcomes: percentage of completed projects with outcomes rated moderately satisfactory or above	76	87	87	—	83
Processes affecting results					
2. Quality of supervision and adaptive management: percentage rated moderately satisfactory and above.	92	73	86	—	85
Efficiency					
3. Project preparation elapsed time: average number of months required to prepare projects.	—	—	—	—	
4. Implementation completion delays: average delay in completion of projects in months	20	15	12	—	15
5. Materialization of Co-financing:					
a. Reported materialization of cofinancing per dollar of approved GEF financing	2.7	1.4	2.5	—	2.4
b. Reported materialization of cofinancing as percentage of promised cofinancing	127	114	96	—	107
Quality of M&E					
6. Independence of agency central evaluation units	—	—	—	—	—
7. Independence of terminal evaluations or independent review of terminal evaluations for FSP/MSP	S/S	S/S	HS/MU	—	MS
8. Realism of risk assessment (Robustness of project-at-risk systems): percentage of projects rated moderately satisfactory or above in candor and realism in supervision reporting	77	73	80	—	77
9. Robustness of program result indicators and tracking Tools	—	—	—	—	—
10. Quality assurance of project M&E arrangements at entry	83	— ⁸	80	76	76
11. Quality of project M&E during implementation	60	67	76	—	68
12. Quality of project terminal evaluation	94	100	90	—	94

⁷ See Annex B for detailed notes on rating methodology for each of the parameters included in the table.

⁸ Observations for UNEP were too few to allow robust conclusions.

Quality of Learning					
13. Improvement in performance					
(i) Project Outcomes.	—	—	—	—	—
(ii) Quality of supervision and adaptive management	3	4	3	—	3
..					3
(viii) Realism of risk assessment: candor and realism in reporting	3	4	3	—	
...					
(x) Quality of M&E arrangements at entry	3	— ⁹	3	—	3
..					
(xii) Improvement in quality of terminal evaluations	4	4	3	—	3
Ratings for improvement in performance on scale of 4 (high performance) to 1 (low performance)					

46. For parameter 13, ratings have been provided on four dimensions. The ratings provided for improvement in quality of M&E arrangements at entry (dimension x) are the same as those presented in APR2008. For improvement in quality of terminal evaluations (dimension xii) although the cohort of reports considered for comparison has changed the ratings have not. Ratings for two additional dimensions have been presented:

- Improvement in the quality of supervision (dimension ii)
- Improvement in the realism of risk assessment (dimension viii)

47. For improvement in the quality of supervision UNDP and World Bank have been given a ‘3’ rating whereas UNEP got a ‘4’ rating. UNDP and the World Bank got the ‘3’ rating because they have maintained a good level of supervision performance. UNEP, on the other hand, gets a ‘4’ because it has demonstrated significant improvement in its performance.

48. For change in the realism of risk assessment UNDP and World Bank have been give a ‘3’ rating because they have been able to maintain their good quality of reporting. UNEP has been given a ‘4’ because it has made significant improvements in the quality of its reporting when compared to the last assessment.

⁹ Observations for UNEP were too few to allow robust conclusions.

49. The ratings on changes in quality of terminal evaluation reports (parameter 12), provided in the performance matrix of APR 2008, have not changed despite the change in compared cohorts. The quality of almost all the terminal evaluation reports submitted by UNEP and UNDP has been rated in the satisfactory range. For World Bank although almost all the terminal evaluations for full size projects are rated to be of satisfactory quality, the quality of terminal evaluations for some medium size projects have not been as per the expectations. Therefore, overall the World Bank gets a '3' on this dimension.

50. Despite a higher percentage of projects implemented by UNDP and World Bank being rated in moderately satisfactory range for quality of supervision and adaptive management, and for realism of risk assessment, these agencies have received a lower rating than UNEP on improvement in performance on these dimensions of parameter 13 (quality of learning). Using improvement in performance as an indicator of learning is effective when there is potential for high gains. However, in situations where a high level of performance has already been attained, this indicator may not be appropriate to track learning. Therefore, there is a need to reassess the indicators and parameters that are presently being used in the performance matrix.

RECOMMENDATION

51. **Recommendation:** the GEF Evaluation Office, the Secretariat and Agencies should collaborate to identify steps to improve the quality of information available through PMIS on the status of projects through the project cycle.

ISSUES FOR THE FUTURE

52. The GEF Evaluation Office will assess the efficacy of the indicators reported on, and of tools and instruments used for assessments, in the APR. Some of the indicators and instruments used for the APR – for example reporting on quality of learning by tracking improvement in performance – need to be updated and fine tuned.

53. The Office will seek identify ways to improve reporting on completed projects and to improve efficiency in the review process through devolution to the independent evaluation offices of the agencies.

Annex A

This annex lists the projects for which terminal evaluation reviews were conducted in FY 2009. Corresponding lists for previous reports are found in APR 2004, annex D; APR 2005, annex F; APR 2006, annex B; APR 2007 annex B, and APR 2008 annex b.

GEF ID	Agency ID	Reviewed by EO	IA	Country	Focal	Size	Project Name
13	762	Yes	UNDP	Thailand	CC	FP	Removal of Barriers to Biomass Power Generation and Co-generation
92	39787	Yes	WB	Argentina	BD	FP	Biodiversity Conservation Project
314	605	Yes	UNDP	Bolivia	CC	FP	A Program for Rural Electrification with Renewable Energy Using the Popular Participation Law
391	463	Yes	UNDP	Pakistan	CC	FP	Fuel Efficiency in the Road Transport Sector
404	55906	No	WB	India	CC	FP	Energy Efficiency
409	48314	Yes	WB	Morocco	BD	FP	Protected Areas Management
449	1423	Yes	UNDP	Peru	CC	FP	Photovoltaic-Based Rural Electrification in Peru
458	44175	Yes	WB	Turkey	BD	FP	Biodiversity and Natural Resources Management Project
512	48791	No	WB	Georgia	BD	FP	Protected Areas Development
514		Yes	UNEP	Global	IW	MSP	The Role of the Coastal Ocean in the Disturbed and Undisturbed Nutrient and Carbon Cycles
621	52006	Yes	WB	Cambodia	BD	FP	Biodiversity and Protected Area Management Pilot Project for the Virachey National Park
633	64091	No	WB	Georgia	IW	FP	Agricultural Research, Extension, Training (ARET) Project
640	35917	Yes	WB	Malawi	BD	FP	Mulanje Mountain Biodiversity Conservation Project
778	66674	Yes	WB	Mexico	BD	FP	Indigenous and Community Biodiversity Conservation (COINBIO)
789	96	Yes	UNDP	Regional	IW	FP	Implementation of the Strategic Action Programme (SAP) Toward Achievement of the Integrated Management of the Benguela Current Large Marine Ecosystem (LME)
805	856	Yes	UNDP	South Africa	CC	MSP	Solar Water Heaters (SWHs) for Low-income Housing in Peri-Urban Areas

835	1749	Yes	UNDP	Hungary	CC	fp	Public Sector Energy Efficiency Programme
863	78216	Yes	WB	Belize	BD	MSP	Community-managed Sarstoon Temash Conservation Project
865	1027	Yes	UNDP	Iran	BD	MSP	Conservation of the Asiatic Cheetah, its Natural Habitat and Associated Biota
868	1209	Yes	UNDP	Brazil	BD	MSP	Establishment of Private Natural Heritage Reserves in the Brazilian Cerrado
883	68062	Yes	WB	Romania	CC	FP	Energy Efficiency Project
884		No	UNEP	Global	IW	FP	Reduction of Environmental Impact from Tropical Shrimp Trawling through Introduction of By-catch Technologies and Change of Management
887	2189	Yes	UNDP	Mexico	BD	FP	Biodiversity Conservation in the Sierra Gorda Biosphere Reserve
938	72527	No	WB	Ecuador	CC	FP	Power and Communications Sectors Modernization and Rural Services Project (PROMECC)
947	72979	Yes	WB	Regional	MF	FP	Integrated Silvo-Pastoral Approaches to Ecosystem Management
982	128	Yes	UNDP	Poland	CC	MSP	Integrated Approach to Wood Waste Combustion for Heat Production
985	1815	Yes	UNDP	Egypt	IW	MSP	Developing Renewable Ground Water Resources in Arid Lands: a Pilot Case - the Eastern Desert of Egypt
1024		No	UNEP	Global	BD	MSP	Ecosystems, Protected Areas and People
1060	2220	Yes	UNDP	Regional	CC	FP	Capacity building for Stage II Adaptation to Climate Change (Central America, Mexico and Cuba)
1124	1382	Yes	UNDP	Cape Verde	BD	FP	Integrated Participatory Ecosystem Management In and Around Protected Areas, Phase I
1133	42014	No	WB	Croatia	BD	FP	Karst Ecosystem Conservation Project
1198	1893	Yes	UNDP	Belarus	CC	FP	Biomass Energy for Heating and Hot Water Supply
1229		Yes	WB	Slovenia	IW	FP	EBRD/GEF Environmental Credit Facility (formerly entitled Slovenia: National Pollution Reduction Project)
1279	2001	Yes	UNDP	Poland	CC	MSP	Gdansk Cycling Infrastructure Project

1412		Yes	UNIDO	China	PP	EA	Building the Capacity of the People's Republic of China to Implement the Stockholm Convention on POPs and Develop a National Implementation Plan
1413	2249	Yes	UNDP	Honduras	CC	MSP	Energy Efficiency Measures in the Honduran Commercial and Industry Sectors
1446	1869	Yes	UNDP	Peru	BD	MSP	Conservation and Sustainable Use of Biodiversity in the Peruvian Amazon by the Indigenous Ashaninka Population
1486		Yes	UNEP	Global	BD	MSP	Global Biodiversity Forum (GBF): Multistakeholder Support for the Implementation of the Convention on Biological Diversity - Phase III
1618	2622	Yes	UNDP	Regional	IW	FP	Towards a Convention and Action Programme for the Protection of the Caspian Sea Environment
1707		Yes	UNEP	Lebanon	BD	MSP	Integrated Management of Cedar Forests in Lebanon in Cooperation with other Mediterranean Countries
1734	1135	Yes	UNDP	Tanzania	BD	MSP	The Development and Management of the Selous-Niassa Wildlife Corridor
1780		No	UNEP	Kenya	CC	MSP	Joint Geophysical Imaging (JGI) Methodology for Geothermal Reservoir Assessment
1994		No	UNEP	Regional	BD	MSP	Conservation and Sustainable Use of Biodiversity through Sound Tourism Development in Biosphere Reserves in Central and Eastern Europe
2041		No	UNEP	Regional	IW	MSP	Managing Hydrogeological Risk in the Iullemeden Aquifer System
2173		No	UNEP	Regional	LD	MSP	Sustainable Land Use Planning for Integrated Land and Water Management for Disaster Preparedness and Vulnerability Reduction in the Lower Limpopo Basin
2237	85	Yes	UNDP	Kenya	BD	MSP	Developing Incentives for Community Participation in Forest Conservation through the Use of Commercial Insects in Kenya
2396		Yes	UNEP	Regional	BD	MSP	Dryland Livestock Wildlife Environment Interface Project (DLWEIP)
2423		Yes	UNEP	Global	PP	MSP	Assessment of Existing Capacity and Capacity Building Needs to Analyze POPs in Developing Countries
2474		Yes	UNEP	Global	IW	MSP	Promoting Ecosystem-based Approaches to

							Fisheries Conservation and LMEs
2503	90963	Yes	WB	Global	MF	FP	International Assessment of Agricultural Science and Technology for Development (IAASTD)
2571	3153	Yes	UNDP	Regional	IW	MSP	Distance Learning and Information Sharing Tool for the Benguela Coastal Areas (DLIST-Benguela)
2581		Yes	UNEP	Global	BD	FP	Building Capacity for Effective Participation in the Biosafety Clearing House (BCH) -- (add-on to include 89 additional countries)
2649	91113	Yes	WB	Yemen	CC	MSP	Rural Electrification and Renewable Energy Development
2722		Yes	UNEP	Global	IW	MSP	Fostering a Global Dialogue on Oceans, Coasts, and SIDS, and on Freshwater-Coastal-Marine Interlinkages
2861		No	UNEP	Regional	BD	MSP	Mainstreaming Biodiversity Conservation into Tourism through the Development and Dissemination of Best Practices

Annex B. Methodological Notes on the Performance Matrix

This annex briefly describes the considerations taken into account for each of the performance matrix's 13 parameters.

B.1 PROJECT OUTCOMES

The figures on project outcomes are four-year moving averages based on the terminal evaluation reports submitted in the preceding years, including the fiscal year for which the APR is being presented; the figures presented in this year's APR are based on the terminal evaluation reports submitted during FYs 2006, 2007, 2008 and 2009. The aggregate figures are weighted averages, with each project considered to have equal weight.

B.2 QUALITY OF SUPERVISION AND ADAPTIVE MANAGEMENT

The figures presented on quality of supervision and adaptive management are based on the findings of the follow up assessment of project supervision presented in this APR (FY 2009). The projects considered for this assessment were under implementation during FY 2007 and FY 2008.

B.3 PROJECT PREPARATION ELAPSED TIME

The figures presented for project preparation elapsed time will indicate average number of months required to prepare projects. The data on this parameter will be provided by the agencies and the GEF Secretariat database. These figures will be updated biennially. This year, no figures are provided for this parameter yet.

B.4 PROJECT IMPLEMENTATION COMPLETION DELAYS

The information presented in the terminal evaluation reports is the primary source for this parameter. The figures for implementation completion delays are four-year averages and are based on the information provided in the terminal evaluation reports. The figures presented in this year's APR are based on the terminal evaluation reports submitted during FYs 2006, 2007, 2008, and 2009.

B.5 MATERIALIZATION OF COFINANCING

The figures for materialization of cofinancing pertain to projects whose terminal evaluation reports were submitted to the Office during FYs 2005, 2006, 2007, and 2008. The analysis is based on the information provided by the Agencies in the terminal evaluation reports or through other communications. These figures have not been verified.

B.6 INDEPENDENCE OF AGENCY EVALUATION UNITS

Broadly, the assessment provided on this parameter will be based on self-reporting by the Agencies and peer reviews carried out in the context of the Evaluation Cooperation Group of the

Banks and the United Nations Evaluation Group. The charter and mandate of the various evaluation units will also provide evidence of their degree of independence. No ratings are provided on this parameter this year. The GEF Evaluation Office had started a consultation process with the evaluation units of the GEF Agencies to define an appropriate way forward in assessing their independence. However, performance on this parameter is yet to be rated.

B.7 INDEPENDENCE OF TERMINAL EVALUATIONS

Independence of terminal evaluations is appraised through the assessment of the process followed for conducting terminal evaluations through field verification and based on interviews with relevant staff and consultants of the partner Agencies. This allows the Office to assess the extent to which systems in the partner Agencies are conducive to unbiased and candid terminal evaluations. Independence of terminal evaluations is rated in a six point scale on which a 1 is “highly unsatisfactory” and a 6 is “highly satisfactory”. The following dimensions are assessed to provide ratings on this parameter:

- Extent to which the drafting of the terms of reference is independent of the project management team
- Extent to which the recruitment of the evaluator was independent of the project management team
- Extent to which the Agency recruited the appropriate evaluator for the project
- Extent to which the evaluator had adequate resources (budget and time) to carry out the evaluation
- Extent to which the M&E system provides access to timely and reliable information
- Extent to which there was any undue pressure from management on the evaluators regarding the evaluation process (for example, in terms of site selection, selection of informants, confidentiality during interviews, information disclosure, and ratings)
- Extent to which the evaluation was subjected to an independent review process

B.8 REALISM OF RISK ASSESSMENT

The figures for realism of risk assessment are based on the findings of the follow up assessment of project supervision for candor and realism of supervision reporting presented in this APR. The projects considered for this assessment were under implementation during FY 2007 and FY 2008.

B.9 ROBUSTNESS OF PROGRAM RESULT INDICATORS AND TRACKING TOOLS

The assessment of robustness of program result indicators and tracking tools will remain unreported in the 2009 APR. Given the highly specialized and technical nature of this assessment, this has proved to be a difficult undertaking. More work is required before performance can be rated on this parameter.

B.10 QUALITY ASSURANCE OF PROJECT M&E ARRANGEMENTS AT ENTRY

An assessment of quality assurance of project M&E arrangements at entry was carried out in the 2005 APR. It was based on a review of the M&E plans of the project appraisal documents that were endorsed by the GEF Chief Executive Officer in that fiscal year. In FY 2008, the Evaluation Office updated the ratings on this parameter based on the findings of a follow-up assessment.

B.11 QUALITY OF PROJECT M&E DURING IMPLEMENTATION

Figures on quality of project M&E during implementation are based on review of the terminal evaluation reports submitted to the Evaluation Office. The figures need to be four-year running averages of the percentage of projects rated moderately satisfactory or above in M&E during implementation. The figures reported in the matrix are a weighted average, with each project having an equal weight, of the data from the review of the reports submitted during FYs 2006, 2007, 2008 and 2009.

B.12 QUALITY OF PROJECT TERMINAL EVALUATION

Figures on quality of terminal evaluation reports are based on the ratings provided by the Evaluation Office after their review. For this parameter, two-year running averages are used, with each project having an equal weight. The figures presented in the matrix pertain to FYs 2008 and 2009.

B.13 QUALITY OF LEARNING – IMPROVEMENT IN PERFORMANCE

The performance matrix presents an assessment of the improvement demonstrated by GEF Agencies and entities on the other 12 parameters included in the performance matrix.

This section of the matrix is accompanied by a narrative that explains the areas in which learning has taken place and will identify the specific changes or factors that have contributed to improved performance. Ratings on improvement in performance on individual dimensions will be provided using the following scale:

- **4**—significantly improved or maintained excellent performance
- **3**—marginally improved or maintained good performance
- **2**—marginally deteriorated or maintained mediocre performance
- **1**—significantly deteriorated or maintained poor performance

In this performance matrix, improvements on four of the dimensions included in the matrix have been tracked.