

GEF Council Meeting  
June 29 – July 2, 2010  
Washington, D.C

Agenda Item 9

## MANAGEMENT RESPONSE TO THE ANNUAL PERFORMANCE REPORT - 2009

(Prepared by the GEF Secretariat)

## **APR 2009 Management Response**

1. The Secretariat welcomes the sixth GEF Annual Performance Report (APR) 2009 prepared by the GEF Evaluation Office. The report provides a series of useful insights that can contribute to portfolio management at the GEF. The performance matrix, which summarizes the performance of the GEF Agencies and the GEF Secretariat on various parameters tracked by the Office, is a useful guide for tracking progress towards recommendations presented in the report.
2. The Secretariat notes the report's conclusion that the outcome achievement ratings of completed projects during FY2009 bypass the target of 75 percent satisfactory outcomes, at 91 percent. While this is higher than the long-term average of 83 percent, it is important, as noted in the report, not to assume long-term trends since the figures are based on a sample of projects that have submitted evaluations during any one fiscal year.
3. The Secretariat welcomes the detailed study on co-financing from the terminal evaluations and supports further analysis of this issue. The last Council decision on co-financing was made in 2002 and, given the analysis presented through the APR, the Secretariat should work together with the Agencies and STAP to update the current co-financing policy, taking into account the findings from this year's APR.
4. The Secretariat welcomes the finding that the quality of supervision by the three major GEF Agencies: World Bank, UNDP and UNEP, has overall slightly increased to moderately satisfactory or above for 85 percent of their projects. The Secretariat is encouraged by the continuity of World Bank and UNDP's high performance and the significant improvement in UNEP's quality of supervision.
5. The Secretariat acknowledges the disadvantages faced by Agencies with a portfolio that consists mostly of MSPs and/or EAs versus those with mostly FSPs. However, the assessment does not take into account actual agency costs, and these should be considered if the fee policy is to be updated. It should also be noted that the flat rate reduces transaction costs. Before moving forward on any fee reform, a more robust analysis should be undertaken. The inclusion of Agencies' administrative costs in the 2009 AMR report could help inform any further analysis.
6. The Secretariat also notes the increase in the percent of projects delayed in time for closure in FY2009, and would like to see an analysis of the recurring reasons causing such delays. The Secretariat further acknowledges the correlation between the quality of M&E arrangements and actual quality of monitoring during implementation apparent after the GEF M&E policy of 2006.
7. The Secretariat notes the low compliance of the Agencies' submission of terminal evaluations within 12 months of closure. Over the past two years, the Secretariat has collected information from Agencies on closed projects; these lists should improve the Evaluation Office's ability to track projects for which terminal evaluations have not been submitted. The Secretariat welcomes the APR's recommendation to work together with the Evaluation Office and Agencies in identifying and implementing measures to better track project status through the database.