



**GLOBAL ENVIRONMENT FACILITY**  
INVESTING IN OUR PLANET

GEF/ME/C.46/02

May 2, 2014

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GEF Council Meeting

May 25 – 27, 2014

Cancun, Mexico

Agenda Item 15

**ANNUAL PERFORMANCE REPORT 2013**  
**MAIN FINDINGS AND RECOMMENDATIONS**

**(Prepared by the GEF Independent Evaluation Office)**

**Recommended Council Decision**

The Council, having reviewed document GEF/C.46/02, "*Annual Performance Report 2013*," and GEF/C.46/03, "*Management Response to the Annual Performance Report 2013*," notes the evaluative information on the performance of the GEF portfolio and business processes. The Council requests the GEF Independent Evaluation Office to continue its work on extending coverage of reporting on outcomes to earlier periods; ensuring consistency in reporting on outcomes; finalization of the terminal evaluation guidelines; developing its approach to reporting on programs; and streamlining of the management action record process.

## EXECUTIVE SUMMARY

The Annual Performance Report (APR), prepared by the GEF Independent Evaluation Office (IEO), provides a detailed overview of the performance of GEF activities and processes, key factors affecting performance, and the quality of Monitoring and Evaluation systems (M&E) within the GEF partnership. APR 2013 is the tenth APR prepared by the GEF IEO. It includes first-time coverage of 160 completed projects – the largest single APR year cohort to date. The large number of projects in the APR 2013 cohort is in part a reflection of a maturing GEF portfolio.

APR 2013 reports on project outcomes, sustainability of project outcomes, quality of project implementation and execution, trends in co-financing, quality of project monitoring and evaluation systems, and quality of terminal evaluation reports. The APR also presents findings from the GEF IEO's work on project cycle and on assessment of the effect of co-financing on project cycle.

APR 2013 contains following conclusions:

- (1) Seventy-nine percent of projects and 71% of funding in projects in the APR 2013 cohort have outcome ratings in the satisfactory range.
- (2) Fifty-eight percent of projects in the APR 2013 cohort have Sustainability of Outcomes ratings of moderately likely or above – similar to the long-term average. Financial and institutional risks continue to be among the most frequently cited threats to sustainability of project outcomes.
- (3) Performance in terms of Quality of Implementation and Quality of Execution ratings has remained fairly stable over the long term. Nonetheless, changes in implementation ratings over time are seen among GEF Partner Agencies.
- (4) Over the past eight APR Year cohorts, there has been a substantial increase in the ratio of promised and realized (actual) co-financing.
- (5) Additional information available since OPS-5 confirms the OPS-5 findings on project preparation related project cycle stages. While there has been some improvement in the PIF submission to Council Approval stage, the GEF-5 performance for the Council Approval to CEO Endorsement stage is lower than in GEF-4 and 18 month standard for this stage is not being met in majority of instances.
- (6) Increased focus on co-financing during the project appraisal process leads to an increase in co-financing but may also be causing some delays in the project cycle.
- (7) Around two-thirds of completed GEF projects have satisfactory ratings on M&E design and/or M&E implementation. Ratings on M&E implementation for World Bank GEF projects have fallen considerably between the 2 most recent 4-year APR year cohorts.
- (8) Since 2005, ratings on the quality of project terminal evaluations have been stable, with a little over 80% of project evaluations rated in the satisfactory range.

Given that many of the performance related issues have already been brought to the Council's attention through OPS-5, APR2013 does not contain any recommendations. Nonetheless it does discuss several issues for the future. These include:

- Ensuring consistency in ratings by the GEF IEO and the Agency evaluation offices
- Increasing coverage of Pilot Phase and GEF-1 period for more comprehensive reporting on outcomes
- Finalization of the Terminal Evaluation Guidelines
- Developing an approach to reporting on performance of programs
- Streamlining of the MAR process so that its utility to the GEF stakeholders may be enhanced

The full version of the Annual Performance Report 2013, 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 Independent Evaluation Office website: [www.gefio.org](http://www.gefio.org).

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## **BACKGROUND**

1. The Annual Performance Report (APR), prepared by the GEF Independent Evaluation Office (IEO), provides a detailed overview of the performance of GEF activities and processes, key factors affecting performance, and the quality of Monitoring and Evaluation systems (M&E) within the GEF partnership. The APR provides GEF Council members, Secretariat, Countries, Partner Agencies, and other stakeholders, information on the degree to which GEF activities are meeting their objectives, and identifies areas for further improvement.
2. APR 2013, the tenth APR produced by the GEF IEO, includes first-time coverage of 160 completed projects – the largest single APR year cohort to date. The large number of projects in the APR 2013 cohort is in part a reflection of a maturing GEF portfolio. When combined with past APR year cohorts, the pool of completed projects for which performance data is available facilitates enhanced reporting of performance trends, including by GEF replenishment phase.
3. In total, APR 2013 projects account for \$630.8 million in GEF funding and consist of projects for which terminal evaluation reports have been submitted to the GEF Evaluation Office from the period October 1, 2012 to December 31, 2013.
4. As in past years, APR 2013 reports on project outcomes, sustainability of project outcomes, quality of project implementation and execution, trends in co-financing, trends in project completion extensions, quality of project monitoring and evaluation systems, and quality of terminal evaluation reports. This year's APR also features two sub-studies, one updating the OPS-5 analysis on Council Approval and CEO Endorsement stages related time lags and the other examining the effect of co-financing on project cycle.
5. Findings on completed projects presented herein are based primarily on the evidence and ratings presented in terminal evaluation reports prepared by GEF agencies at the time of project completion. Prior to reporting in APRs, all terminal evaluations and ratings are reviewed and validated by the GEF IEO, the independent evaluation offices of GEF Partner Agencies, or both. Since 2009, the GEF IEO has adopted the ratings from the evaluation offices of the World Bank, UNDP, and UNDP, when available, as past reviews have shown them to be largely consistent with those provided by the GEF Evaluation Office. In other instances, ratings provided by the GEF IEO are reported.
6. This year's management action record tracks the level of adoption of 30 separate decisions of the GEF Council: 21 that were part of MAR 2012, and 9 new decisions introduced during the November 2013 GEF Council meeting. In addition to the decisions that pertain to the GEF Council, since APR 2012 the GEF IEO has tracked adoption of the Least Developed Countries Fund and Special Climate Change Fund (LDCF/SCCF) Council decisions. One decision from the LDCF/SCCF Council's November 2011 meeting is tracked in MAR 2013.
7. The performance matrix provides a summary of performance of GEF Partner Agencies and the GEF as a whole on key indicators. Of the 10 indicators presented in the matrix, based on the additional information on the APR 2013 cohort, values on 6 of the indicators have been updated.

## FINDINGS AND CONCLUSIONS

***Conclusion 1: Seventy-nine percent of projects and 71% of funding in projects in the APR 2013 cohort have outcome ratings in the satisfactory range.***

8. To date, 646 completed GEF projects have been rated on overall outcome achievement based on the extent to which project objectives were achieved, the relevance of project results to GEF strategies and goals and country priorities, and the efficiency with which project outcomes were achieved (table 1). Key findings of this assessment are:

- Outcome ratings on GEF projects are relatively stable when assessed by GEF replenishment phase (GEF-1 onwards) and by the two most recent 4-year APR cohorts, with a little over 80% of projects rated in the satisfactory range.
- Between the two most recent 4-year APR cohorts, a substantial rise in outcome ratings is seen among UNDP-implemented GEF projects, as is a substantial drop in the ratings of World Bank-implemented GEF projects. In both cases, differences in the share of projects rated MS or higher between 4-year APR cohorts is statistically significant at a 95% confidence level. The decline in ratings among World Bank implemented projects may be due in part to a change in IEG’s approach to the application of its rating criteria for terminal evaluation reviews. The reasons for decline in ratings for World Bank projects and increase in ratings for UNDP projects are not well understood.

9. Areas that continue to under-perform relative to the larger GEF portfolio are projects in African states, Small Island Developing States (SIDS), Least-Developed Countries (LDCs), and fragile states.

**Table 1. Outcome ratings on projects and funding**

Outcome Rating/Criteria	APR 2005-2008 cohorts	APR 2009-2012 cohorts	APR 2013 cohort	All cohorts
Percentage of projects with Outcomes rated MS or higher	80%	86%	79%	83%
Percentage of GEF funding in projects with Outcomes rated MS or higher	79%	82%	71%	79%
Number of rated projects	205	281	160	646

Note – numbers may not sum to 100% due to rounding.

***Conclusion 2: Fifty-eight percent of projects in the APR 2013 cohort have Sustainability of Outcomes ratings of moderately likely or above – similar to the long-term average. Financial and institutional risks continue to be among the most frequently cited threats to sustainability of project outcomes.***

10. To date, 625 completed GEF projects have been rated on sustainability of outcomes, based on the perceived threats to sustainability of project outcomes. Key findings of this assessment are:

- Sustainability ratings on GEF projects have remained relatively stable over time, with around 60% of projects and funding in projects having sustainability ratings of moderately likely or higher for projects in the past 8 APR year cohorts.
- Sustainability ratings for both biodiversity and multi-focal projects are on average lower than for other focal areas. There is evidence to suggest that at the global level threats to biodiversity continue to persist and funding for biodiversity conservation is a constraint. However, the extent to which these may be the reasons for lower sustainability of the outcomes of the biodiversity projects needs to be systematically assessed. For multi-focal projects, findings are based on a small number of completed projects to date (49).
- For projects with low sustainability ratings ( $\leq$  moderately unlikely), financial risks are the most frequently cited threat to project sustainability, with around 65% of project evaluations in the two most recent 4-year APR cohorts citing this risk factor as one reason for the project's low sustainability rating. This is followed by institutional and socio-political threats to sustainability.

***Conclusion 3: Performance in terms of Quality of Implementation and Quality of Execution ratings has remained fairly stable over the long term. Nonetheless, changes in implementation ratings over time are seen among GEF Partner Agencies.***

11. To date, 489 completed GEF projects have been rated on Quality of Implementation and 484 projects have been rated on Quality of Execution. Key finding of this assessment are:

- Seventy-eight percent of projects in the APR 2013 cohort have Quality of Implementation ratings in the satisfactory range – just below the long-term average of 81%. Quality of Execution ratings are relatively stable over the long term, with 84% of rated GEF projects overall having ratings in the satisfactory range.
- The percentage of projects with Quality of Implementation ratings in the satisfactory range has gone up for UNDP and UNEP for the two most recent 3-year APR year cohorts.<sup>1</sup> Quality of Implementation ratings on World Bank implemented projects has declined substantially between the two most recent 3-year APR year cohorts, and this difference is statistically significant at a 95 percent confidence level. The reasons for these changes are at present not well understood.

***Conclusion 4: Over the past eight APR Year cohorts, there has been a substantial increase in the ratio of promised and realized (actual) co-financing to GEF grant.***

12. OPS-5 reported a general consensus among key stakeholders in the GEF partnership on the utility of co-financing, which is seen as helping to bring additional resources to GEF projects, increase country ownership, and increase the likelihood support for follow-up activities following project closure.<sup>2</sup> Tracking the materialization of co-financing is important as it provides information on the extent to which partner organizations meet their commitments. Non-materialization of co-financing may hamper implementation of several of the project activities and in several situations compromise achievement of project results. Recent figures and trends in co-financing are as follows:

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<sup>1</sup> Three-year APR cohorts are used due to the unavailability of Implementation ratings for APR cohort years 2007 and earlier.

<sup>2</sup> GEF IEO, 2014. OPS5, pg. 30.

- The total amount of co-financing per dollar of GEF grant has risen between the two most recent 4-year APR cohorts, from 2.2 dollars to 4 dollars of promised co-financing. At the same time, the amount of realized co-financing to dollar of GEF grant has also increased from 2.4 to 5 dollars. These figures are in-line with trends reported in OPS5.
- The median amount of promised co-financing to dollar of GEF grant – what is found in a typical GEF project – has risen from 1.3 to 1.6 dollars between the two most recent 4-year APR cohorts. Likewise, the median amount of realized co-financing to dollar of GEF grant has increased from 1.3 to 1.7 dollars.
- To date, about 70% of completed GEF projects realized 90% or more of promised co-financing, and about 60% of completed GEF project realized 100% or more of promised co-financing. Over the past 8 years, the percentage of projects realizing 90% or more of promised co-financing has increased, from 68% of projects in the APR 2006-09 year cohort, to 74% of projects in the APR 2010-13 year cohort.

***Conclusion 5: Additional information available since OPS-5 confirms the OPS-5 findings on project preparation related project cycle stages. While there has been some improvement in the PIF submission to Council Approval stage, the GEF-5 performance for the Council Approval to CEO Endorsement stage is lower than in GEF-4 and 18 month standard for this stage is not being met in majority of instances.***

13. From the time analysis on project cycle for OPS-5 was prepared, six more months of data is now available. Incorporation of additional data mitigates some of the concerns related to cyclical patterns and also significantly increases the number of observations. GEF IEO, therefore, has used this opportunity to prepare a follow up to the analysis presented in OPS-5 on the project cycle stages related to preparation of full size projects. The follow up aims at ascertaining the extent findings on time lags in project preparation presented in OPS-5 still hold. It is also aimed at providing the working group established to prepare proposals for the GEF Council for streamlining the project cycle additional information on this topic.

14. The updated analysis confirms the findings and conclusions of OPS-5 on project preparation related project cycle stages (Table 2). The analysis shows:

- Compared to GEF-4, during GEF-5 less time is spent from the first submission of a PIF to its approval by the Council. The median project proposal (50<sup>th</sup> percentile) took 6.2 months in GEF-5 compared 7.6 months for GEF-4 (table 2).
- It also confirms that the business standard of 18 months or less from Council Approval to CEO Endorsement is met for 29 percent of projects. Performance for GEF-5 projects has been lower than for the GEF-4 projects.
- In terms of performance in terms of time taken from the first submission of PIF to CEO Endorsement, only 30 percent of GEF-5 FSP proposals were CEO Endorsed within two years which is a slight improvement over GEF-4. However, when eventual status in terms of CEO Endorsement or drop/rejection of project is taken into account, performance for GEF-5 proposals lags behind that for GEF-4.
- Secretariat's response time shows improvement for the CEO Endorsement related submissions but is somewhat slower for PIF submissions (table 2).

**Table 2. Time taken during different stages of the project appraisal process**

GEF Replenishment Period	GEF-5* (figures reported in OPS-5 are provided in parentheses)			GEF-4		
	25%	50%	75%	25%	50%	75%
PIF Submission to CEO Endorsement (in months)	23 (22)	—	—	22	28	43
PIF submission to Council Approval (in months)	2.9 (2.8)	6.2 (6.3)	13 (17)	4.3	7.6	13
PIF submission to Clearance (in months)	1.2 (1.0)	4.0 (4.2)	9.5 (14.7)	1	3.9	12.6
Clearance to Council Approval (in months)	1.6 (1.6)	1.7 (1.7)	1.9 (1.9)	1.9	2.2	3.4
Response time to PIF Submission (in work days)	3 (3)	8 (8)	13 (13)	2	6	12
Council Approval to CEO Endorsement (in months)	17.5 (14.7)	20.0 (19.7)	—	12.1	18.1	23.9
Council Approval to First Submission to Endorsement (in months)	16.1 (12.1)	18.2 (18.0)	—	9.5	13.7	20.3
Back-and-forth for CEO Endorsement – i.e. first submission for CEO Endorsement to CEO Endorsement (in months)	1.9 (1.9)	3.1 (3.1)	5.2 (5.2)	1.7	2.8	4.8
Response time to CEO Endorsement Submission (in work days)	6 (6)	10 (10)	15 (15)	7	11	22

\*Up to February 28<sup>th</sup> 2014

***Conclusion 6: Increased focus on co-financing during the project appraisal process leads to an increase in co-financing but may also be causing some delays in the project cycle.***

15. During the third meeting of the GEF-6 replenishment in Paris, several participants requested the GEF Independent Evaluation Office to examine the effects of focus on increasing co-financing on project preparation time. The IEO prepared an analysis to address this request. It assessed the effect of the GEF Secretariat comments on co-financing during the PIF review process on levels of co-financing and the effect on time taken by 309 PIFs (GEF-5) submitted before June 2012 to gain PIF Clearance and Council approval. The analysis shows that increased focus on co-financing may also involve tradeoffs in terms of project preparation time:

- During the Project Information Form (PIF) review process, the Secretariat asks for more co-financing for 54 percent of projects.
- Of the projects where Secretariat made a request for increase in co-financing, the project proponents were able to increase promised co-financing in 73 percent of instances. In instances where the request for more co-financing was made, on average promised co-financing increased by 12 percent in subsequent PIF submissions.
- Compared to other proposals, the proposals for which the Secretariat requested an increase in co-financing on average took 38 more days to get PIF Clearance (and 43 more days to get Council Approval). The net difference does not control for other factors that may be affecting the time taken from the first PIF submission to PIF Clearance (and to Council Approval). Once other factors are controlled for the estimates derived using linear models show that Secretariat's requests for more co-financing leads to a PIF spending 20 to 40 additional days in the project cycle. When projects that recorded increases in promised cofinancing from the first submission of PIF to PIF Approval are compared with those that didn't, the multi linear regression models show that after controlling for other variables the estimated effect in terms of additional time for PIF clearance is about 60 to 80 days.

- Among the focal areas, project proposals for the Chemicals focal area seem to have undergone greater scrutiny for co-financing.

16. In addition to the effects captured in the analysis, it is also likely that in response to the Secretariat’s focus on increasing co-financing the project proponents and agencies may be spending a lot of effort on raising cofinancing before the first submission of the PIF. Similarly, the project proponents and Agencies may need to spend more time and resources in ensuring materialization of additional cofinancing during the post CEO Endorsement stages. Given that the analysis prepared by the IEO does not capture these stages, it may be underreporting these effects.

**Table 3: The effect co-financing comments on time taken from the first submission of PIF to Council Approval (figures for PIF Clearance in parenthesis)**

Request for increase in co-financing	Number of projects	Average number of days taken	Average number of PIF submissions made
No comments to raise co-financing	143	151 (94)	2.1
With comment(s) to raise co-financing*	166	194 (132)	2.7
Net difference	—	43 (38)	0.6

\* With any comment requesting an increase in co-financing on any PIF submission.

***Conclusion 7: Around two-thirds of completed GEF projects have satisfactory ratings on M&E design and/or M&E implementation. Ratings on M&E implementation for World Bank GEF projects have fallen considerably between the 2 most recent 4-year APR year cohorts.***

17. Despite the consensus among GEF partners on the importance of high-quality M&E systems, translating these aspirations into practice remains a challenge. Findings from an assessment of the 575 completed projects with M&E design ratings and 537 projects with M&E implementation ratings show that:

- Around 65% of completed projects have satisfactory ratings on M&E design and an equal percentage with satisfactory ratings on M&E implementation. These figures are relatively stable from GEF-2 onwards.
- When assessed by GEF Partners agency, M&E implementation ratings have moved up considerably for UNDP between the two most recent 4-year APR cohorts, from 59% to 72% of projects with ratings in the satisfactory range. The difference in ratings for UNDP projects is statistically significant at a 90% confidence level. Between the same two 4-year APR cohorts, M&E implementation ratings for World Bank GEF projects has declined substantially, from 77% to 50% of projects, and the difference is statistically significant at a 95% confidence level. The reasons for this decline are not well understood.
- A desk review of completed GEF projects with highly satisfactory M&E ratings reveals some common attributes. Projects with highly satisfactory M&E design all had detailed M&E plans with clearly defined responsibilities for monitoring and dedicated M&E budget, and made M&E systems integral to the project’s overall design. These projects also made provision for the active participation of stakeholders in M&E implementation.

Projects with highly satisfactory M&E implementation ratings made provisions for the training of stakeholders on the project's M&E systems, and found ways to share M&E findings with a broad array of project stakeholders.

***Conclusion 8: Since 2005, ratings on the quality of project terminal evaluations have been stable, with a little over 80% of project evaluations rated in the satisfactory range.***

18. Terminal evaluation reports provide one of the principle ways by which the GEF Council, management, Agencies, GEF Evaluation Office, and other stakeholders, are able to assess the performance of GEF projects. This assessment facilitates continued learning and adaptation throughout the GEF partnership. The integrity and quality of terminal evaluations is therefore essential to the validity of any findings that may arise from analysis of terminal evaluations. The GEF IEO has been reporting on the quality of terminal evaluations since APR 2004.

- Quality of 79 percent of the terminal evaluations of the projects included in the APR2013 cohort were rated in the satisfactory range.
- Analysis based on year when the terminal evaluations were prepared does not show any emerging trend.
- Two aspects of terminal evaluation reporting that have on average received substantially lower ratings are reporting on project financing and reporting on M&E systems. When considering all rated terminal evaluations completed within the last 8 years, the percentage of TEs with satisfactory ratings on financial reporting and M&E systems is 67% and 63%, respectively, compared to 84% for reporting along other dimensions. The difference in ratings for both reporting dimensions is statistically significant at a 95% confidence level.

#### **MANAGEMENT ACTION RECORD FINDINGS**

19. Of the 30 GEF Council decisions tracked in MAR 2013, the GEF IEO was able to verify Management's actions on 27. Five decisions tracked in MAR 2013 will be graduated from the MAR due to high levels of adoption as rated by Management and verified by the GEF IEO. In addition, five decisions tracked in MAR 2013 will be retired from MAR for various reasons including ongoing concerns that prevent full adoption of the Council decision (Agency fees), or the recommendations are found in other more recent tracked evaluations (OPS5), or these decisions are being addressed through larger efforts (refining the GEF RBM system for GEF-6).

20. Overall, Management has been very responsive to Council decisions, as evidenced by the large number of decisions that have been graduated due to substantial or high levels of adoption throughout the partnership. Of the 120 Council decisions tracked since commencement of the MAR in 2006, 71 (59%) have graduated due to high or substantial levels of adoption, while an additional 25 (21%) have been retired – typically because these Council decisions are no longer relevant.

21. Among the recent evaluations, there has been significant progress in adoption of decisions based on Mid Term Evaluation of the STAR and the Mid-Term Evaluation of the National Portfolio Formulation Exercise. “Mid-Term Evaluation of the System for Transparent Allocation of Resources (STAR)” led to three Council decisions. These decisions called for increasing the flexibility for countries in the use of STAR resources across focal areas;

specification of better indicators and updating of data; and fine tuning of the STAR implementation processes. The proposal on STAR for GEF-6 that is being developed by the Secretariat extends the full flexibility to additional countries and increases the level of flexibility for countries with marginal flexibility. The Secretariat has also updated the data for several indicators that constitute the GBI and GPI indices. It is also proposing minor modifications in the indices so that they may be improved further. The Secretariat has also undertaken several measures to fine tune the STAR implementation process. These include putting in place a system for STAR allocations by two different staff members and reconciliation of the independently derived results, and fixing the problems in calculations noted in the mid-term evaluation. It is likely that at the end of the process for preparation of STAR proposals adoption of all the Council decisions based on the evaluation would be high.

22. The “Mid-Term Evaluation of the National Portfolio Evaluation Exercise (NPFE)” (GEF/ME/C.45/06) led to four Council decisions. These decisions called for: continuation of NPFE support in GEF-6; use of the balance of the funds allocated to NPFE program for helping countries take NPFEs for GEF-6; inclusion of capacity development initiatives in final replenishment proposals for a comprehensive understanding of GEF among partners and stakeholders at the country level; and updating of NPFE guidelines to address information needs of the countries. Overall progress on adoption on these four decisions has been high with the exception of updating the NPFE guidance, where GEF IEO finds that the changes made to NPFE guidance documents do not adequately meet the information needs of the countries for programming on topics such as eligibility criteria, co-financing expectations, and funding modalities.

23. Management and the GEF IEO are in agreement on the level of adoption for 18 of the 30 decisions tracked in MAR 2013. For 2 decisions, the GEF IEO rating is higher than Management’s. For another 3 decisions, the GEF IEO is unable to verify ratings because proposals need additional time to be developed. Excluding the 3 decisions where the IEO is unable to verify ratings, the level of agreement between Management and the IEO is 67% - in-line with that found in MARs from the past three years.

### **Performance Matrix**

24. The Performance matrix provides a summary of the performance of GEF Partner Agencies and the GEF as a whole on key indicators (table 4). These indicators include outcome ratings; duration of project extension; and realization of co-financing.

25. Regarding project extensions, between the 2 most recent 4-year APR cohorts there has been a substantial decline in the percentage of projects requiring extensions of more than 2 years. For the GEF as a whole, the percentage declined from 38% to 11%; for UNDP the percentage declined from 65% to 9%; for UNEP the percentage declined from 24% to 16%, and for the World Bank the percentage declined from 20% to 7%. This shows that GEF Agencies are becoming timelier in completion of project activities.

26. Regarding realization of co-financing, between the two most recent four-year APR cohorts, the percentage of realized co-financing has increased substantially for both UNDP and World Bank projects. The amount of realized co-financing per dollar of GEF grant for all UNDP-implemented projects rose from 2.8 to 5.7 between the two most recent 4-year APR

cohorts, and from 2.5 to 6.6 for all World Bank-implemented projects. For UNEP, the rise in realized co-financing to GEF grant was smaller, from 1.6 to 1.7. Similarly, between the 2 most recent 4-year APR cohorts, there has been a rise in the percentage of promised co-financing realized among the same Partner Agencies. For UNDP, the percentage increased from 130% to 190%; for UNEP, the percentage increased from 113% to 118%; and for the World Bank, the percentage increased from 91% to 101%.

27. As noted earlier, performance on meeting the 18 month Council Approval to CEO Endorsement standard (parameter 4) has been low. However, performance in terms of incidence of extensions *required* for project completion has improved as is indicated by low percentage of projects for which these extensions are required.

**Table 4. Performance Matrix**

Parameter	UNDP	UNEP	World Bank	Overall GEF Performance
<b>Results</b>				
1. Percentage of projects with overall Outcome ratings of moderately satisfactory or higher (APR years 2010-13)	87%	90%	70%	82%
<b>Factors affecting results</b>				
2. Quality of supervision and adaptive management: percentage of projects rated moderately satisfactory or higher (APR years 2007-08)	92%	73%	86%	85%
<b>Reported co-financing</b>				
3a. Reported materialization of total co-financing to total GEF funding (APR Years 2010-13) <sup>†</sup>	5.7	1.7	6.6	5.0
3b. Reported materialization of co-financing to GEF funding – median project value (APR Years 2010-13) <sup>†</sup>	2.1	1.2	1.8	1.7
3c. Reported materialization of co-financing as a percentage of total promised co-financing (APR years 2010-13) <sup>†</sup>	190%	118%	101%	123%
<b>Efficiency</b>				
4. Percentage of projects for which 18 month standard for CEO Endorsement was met (GEF-5) <sup>††</sup>	30%	29%	39%	29%
5. Percentage of completed projects that require extensions of more than 2 years (APR years 2010-13)	9%	16%	7%	11%
<b>Quality of M&amp;E</b>				
6. Independence of terminal evaluations and review of terminal evaluations (where applicable) (FSPs/MSPs) (APR 2009 assessment, sample of projects under implementation during FY 2007-08)	HS/HS	HS/HS	HS/NA	S
7. 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 (APR years 2007-08)	77%	73%	80%	77%
8. Quality assurance of project M&E arrangements at entry: percentage of projects compliant with critical parameters (for sample of projects endorsed by the GEF CEO in FY 2011)	88%	92%	100%	80%

9. Percentage of projects with M&E Implementation ratings of moderately satisfactory or above (APR years 2010-13)	72%	64%	50%	64%
10. Percentage of terminal evaluations rated moderately satisfactory or above (year of TE completion 2012-13)	76%	100%	83%	81%

<sup>†</sup>Ratios include only projects for which data on realized co-financing is available. <sup>††</sup> GEF-5 figures are provisional and run through February 2014.

## ISSUES FOR THE FUTURE

### Consistency in Ratings by the GEF IEO and the Agency Evaluation Offices

28. In recent years a rapid drop in the outcome ratings of GEF-World Bank projects has been noticed. On the other hand, for UNDP there has been some increase in the outcome ratings. At the overall portfolio level *the* ratings have remained more or less the same.

29. Since 2009, for the GEF-World Bank projects for which the terminal evaluations have been reviewed by the WB IEG, the GEF IEO has been adopting the WB IEG ratings. It should be noted the IEG does not review terminal evaluations for medium size projects and some of the full size projects that involve funds that are below the IEG threshold for review. The sudden drop in outcome ratings for the World Bank implemented projects is puzzling and is also a cause for concern. The WB IEG review examining the World Bank Group's partnership with the GEF (2014) explores some plausible explanations for a decline in the quality of its GEF portfolio. The IEG review indicates the performance of the GEF projects implemented by the World Bank may have declined due to a variety of reasons including low project fees, inconsistent information systems across the partnership, and changes in the role of the GEF Partner Agencies and the Secretariat with respect to the preparation of GEF policy and strategy documents. Of these reasons reduction in project fees may be more directly related with the project performance. However, even in this case the effects of this reduction are likely to show after considerable time lag and are not as immediate as the pattern would suggest. Furthermore, during the same period when IEG terminal evaluation review ratings on project outcomes show a drop, the ratings contained in the reviewed terminal evaluations themselves have remained stable. In its communications with the GEF IEO, IEG has also acknowledged that IEG has become more stringent in application of its outcome rating criteria. While this could have by itself explained the drop, other categories of environmental projects in the World Bank portfolio have not shown a similar pattern. Therefore, increase in stringency in application of outcome rating criteria by IEG is only a part of the explanation. The IEO will make efforts to better understand the reasons behind the evident pattern and when required will also take steps to ensure greater consistency in reporting of outcome ratings.

### Increasing Coverage of Earlier GEF Phases in Reporting on Completed Projects

30. When the GEF IEO presented its first APR (APR 2004) in 2005, it restricted its reporting to only those projects that were completed in 2002 or later. By adopting 2002 as a threshold, the Office was able to give a realistic cut-off to the Agencies so that they could comply with the terminal evaluation preparation requirement. At that point, terminal evaluation had not been prepared for many of the completed projects and there was resistance to reporting on tracking compliance for projects that had been *completed* for long. The 2002 threshold is still observed in APRs for reporting on results of completed projects.

31. The flip side of restricting its reporting on projects completed in 2002 or later has been that projects that were approved in the Pilot phase and GEF-1 are under-represented in the reporting on completed projects. In past 10 years, terminal evaluations for many projects that were completed before 2002 have become *available*. The Office estimates that by including the already available terminal evaluation reports for projects completed before 2002 it will be able to increase its coverage of completed projects for the Pilot phase from 11 percent to 77 and for the GEF-1 period from 44 to 68 percent. During the next fiscal year the Office intends to undertake terminal evaluation reviews for the projects completed *before* 2002.

### **Finalization of Terminal Evaluation Guidelines**

32. The work on development of terminal evaluation guidelines continued during the reporting period. The guidelines are being developed in consultations with the GEF Agencies and the Secretariat. Several rounds of consultations have already taken place. Compared to the existing guidelines, the revised terminal evaluation guidelines cover impact reporting related issues in a substantial manner. The guidance is expected to be finalized in the next reporting period.

### **Reporting on Programs**

33. The overall objective of GEF's programmatic approach is "*to secure larger-scale and sustained impact on the global environment through integrating global environmental objectives into national or regional strategies and plans using partnerships*" (GEF/C.33/6). The programmatic approach supplements GEF's project-based approach and it involves a series of interlinked projects. Although GEF has supported various activities that have programmatic characteristics, support for programmatic approaches got a big push in 2008 when the GEF Council endorsed the approach outlined in the Council paper (GEF/C.33/6) on programmatic approach<sup>3</sup>. While most of the programs that have been approved so far are still under implementation or preparation, some of the programs are expected to be completed soon. The Office will keep track of these programs and will report on them as terminal evaluations for these programs become available.

### **Streamlining of the MAR process**

34. The GEF IEO has been facilitating preparation of MAR since the Council's decision in November 2005. The IEO developed the format and procedures for MAR through a consultative process with the Secretariat and the Agencies. The reporting on MAR is now 9 years old. Although there have been minor modifications in the formats and the rating scale, overall the approach has remained the same. In situations where Council decisions indicate a general direction for management efforts without specifying concrete actions, it is often difficult to report on progress on an annual basis without undertaking a systematic review on the topic. Further, there is also a need to phase out decisions from the MAR so that the relevant and important ones continue to get management's attention. The Office will undertake a consultative exercise to identify ways in which the MAR process may be streamlined further in ways that increase its utility to GEF stakeholders.

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<sup>3</sup> Joint Summary of Chairs, GEF Council Meeting, April 2008.