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Agenda Item 09

ASSESSING PORTFOLIO-LEVEL RISK AT THE GEF

(Prepared by the Independent Evaluation Office of the GEF)

Abbreviation

ADB	Asian Development Bank
AFDB	African Development Bank
APR	Annual Performance Report
BOAD	West African Development Bank
CAF	Development Bank of Latin America and the Caribbean
CI	Conservation International
DBSA	Development Bank of Southern Africa
EBRD	European Bank for Reconstruction and Development
FAO	Food and Agriculture Organization
FCS	Fragile and Conflict-Affected Situations
FECO	Foreign Economic Cooperation Office, Ministry of Environmental Protection of China
FUNBIO	Brazilian Biodiversity Fund
GEF	Global Environmental Facility
IDB	Inter-American Development Bank
IEO	Independent Evaluation Office (GEF)
IFAD	International Fund for Agricultural Development
IUCN	International Union for Conservation of Nature
M&E	Monitoring and Evaluation
OPS	Overall Performance Studies
PIR	Project Implementation Report
STAP	Scientific and Technical Advisory Panel (GEF)
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNIDO	United Nations Industrial Development Organization
WB	The World Bank
WWW-US	World Wildlife Fund-US

TABLE OF CONTENTS

TABLES, FIGURES AND BOXES

TABLES

FIGURES

BOXES

I. QUICK SCAN

1. Managing risk has become increasingly crucial for development organizations operating in the international development arena over the past decade. In response, many GEF implementing agencies have developed enterprise risk management frameworks. Faced with escalating risks and challenges such as climate change, development organizations are compelled to adopt strategies that optimize their resources and impact. This often involves assuming higher levels of risk while prioritizing transparency in risk-taking processes.

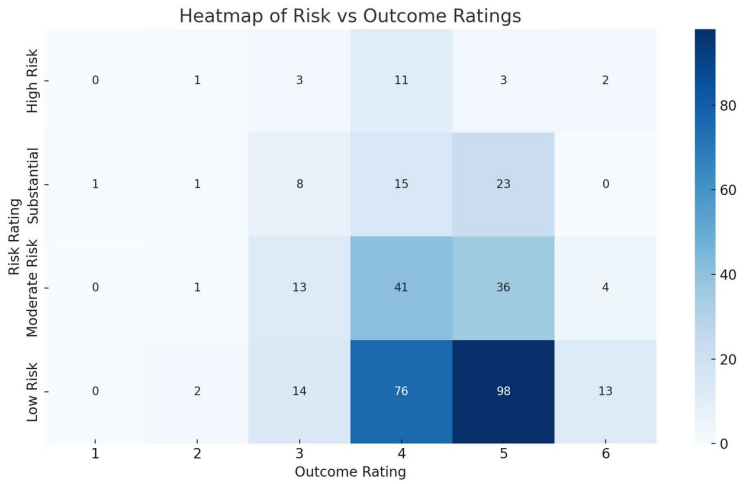
2. The GEF has also recognized the need to embrace more deliberate risks in pursuit of its mission. Toward this end, during its 66th meeting, the GEF Council approved a risk appetite document to guide Agencies in undertaking deliberate risk-taking.

3. The GEF and its implementing agencies recognize the necessity of embracing calculated risks to achieve their objectives effectively. To facilitate increased risk-taking in the pursuit of global environmental benefits, the robustness of each agency's internal risk management framework becomes paramount. Strengthening internal risk management frameworks is essential to manage these risks prudently while maximizing the potential for positive environmental impact.

Main Findings

4. The GEF portfolio has a low to moderate risk profile. The majority of projects in the portfolio are categorized as low-risk and have generally yielded satisfactory outcomes. The heatmap in Figure 1 shows the distribution of closed projects based on their risk and outcome ratings, with the largest concentration of projects centered around low-risk projects with satisfactory outcomes. High-risk projects with at least marginally satisfactory outcomes constitute a small portion of the portfolio. Additionally, a shift towards higher-risk projects over GEF phases has not been discernible in closed projects thus far.

Figure 1: Heatmap of risk and outcome ratings (n=366)

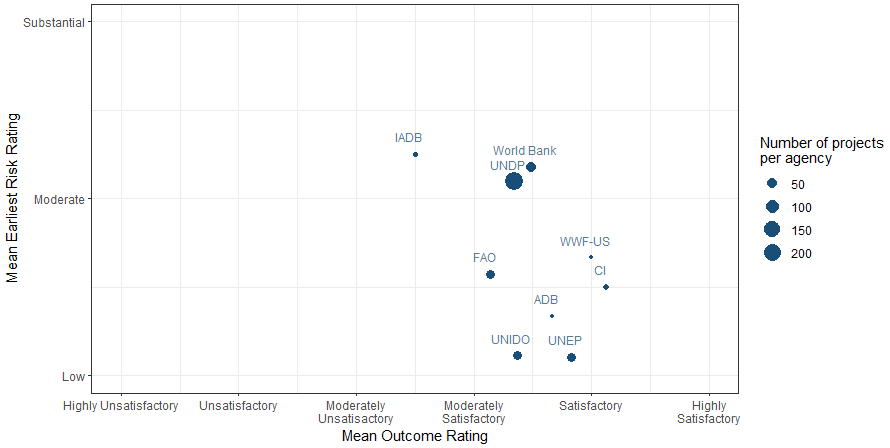


Source: *GEF data.*

5. The GEF aims to embrace more calculated risks in its efforts to achieve transformative environmental outcomes. In its 66th meeting, the GEF Council approved a risk appetite document aimed at providing guidance to agencies on undertaking and navigating calculated risks. The document reflects ambitious goals for the GEF's risk management approach. However, to foster a cultural shift to deliberate risk-taking in pursuit of greater global environmental benefits, its crucial to clearly articulate the desired risk level for the portfolio, define risk tolerance, and establish clarity on risk ownership. Changing the risk profile of GEF-funded projects will also require risk management within the GEF.

6. GEF implementing agencies have different risk cultures and vary in their ability to take on high risks. GEF Agencies have different attitudes toward risk taking and different criteria by which risk is measured and managed. In addition, the self-described risk culture is not consistent with what the data show. The discrepancy could be due to a lack of harmonization and underscores the need for a more uniform understanding of risks taken in relation to the GEF's mission and goals, to be able to translate the GEF risk appetite statement into actual changes in risk taking. The GEF risk document appropriately highlights the need for greater consultation and elaboration on the implementation of the risk appetite framework within the GEF and its implementing agencies.

Figure 2: Different risk profiles can lead to similar outcomes



***Source**: GEF data. Completed and ongoing projects with available risk and outcome ratings (n = 366).*

Different risk profiles can yield similar outcomes

7. Across the nine agencies, distinct risk profiles ultimately yield comparable outcomes (see Figure 2). Yet, some Agencies are better equipped to handle risks than others. GEF implementing agencies are influenced by their own incentive structures and prefer to adhere to their individual standards. To elevate the level of risk taking in the GEF will require collaboration with agencies to ensure they possess the capacity and willingness to take on additional risks. Understanding the internal incentives and dynamics unique and specific to each institution would be instrumental in supporting agencies' risk-taking endeavors.

High-risk projects exhibit greater outcome variance

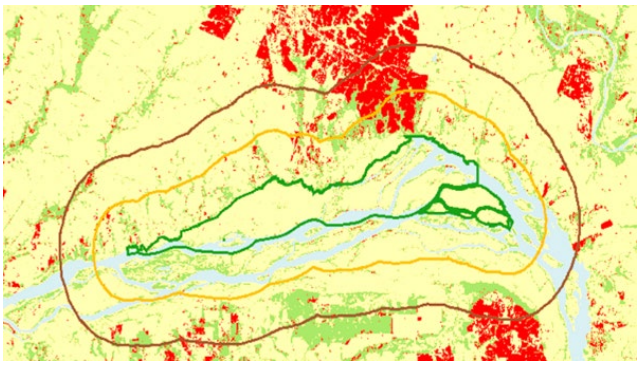
8. On average, the correlation between risk and outcome ratings in closed projects is negative. High-risk projects also tend to exhibit greater outcome variance, indicating a wider range of outcomes compared to low-risk projects. This evaluation estimates that the GEF accepts approximately 10 percent lower outcome ratings and a broader range of outcomes on average when engaging in higher-risk projects. Examples of such high-risk initiatives include remaining engaged with conflict-affected countries, investing in innovative green energy technologies, or preserving forests threatened by illegal logging activities.

There are rewards for risk taking

9. While taking on higher risk does not directly translate into higher rewards, there are instances where high-risk projects have yielded substantial benefits. In the climate change focal area, for example, renewable energy projects present both risks and rewards. These high-risk ventures within renewable energy are geared towards leveling the playing field within the sector. They address regulatory hurdles, promote energy efficiency, and reduce fuel subsidies. The evaluation noted that these projects yielded significant benefits. For instance, three projects supported solar energy installations and policies designed to reduce subsidies for fossil fuels. Remarkably, all three projects achieved the highest possible outcome rating, underscoring the potential for substantial rewards from high-risk investments in this area.

10. Additionally, a high-risk protected area project in Uruguay demonstrates the benefits of long-term GEF engagement in forest and biodiversity protection, verified through remote sensing. Map 1 illustrates how the Esteros de Farrapos National Park, located along the border with Argentina, acts as a buffer against deforestation, with some exceptions. Remote sensing analysis reveals minimal forest loss within the park boundary in most years, depicted by the flat green line. This project demonstrates the positive environmental impact and effectiveness of sustained high-risk investments in protected areas.

Map 1 – Forest loss in Quebrada protected area, Uruguay, 2022



***Source**: GEF IEO based on UMD GLAD Dataset.*

Institutional and state capacity influence risk

11. The most significant internal risk factors were associated with institutional capacity, encompassing deficiencies in technical or financial resources, insufficient government ownership, and limitations in local capacity. Low in-country capacity was a primary concern for agencies when they reflected on agency risk. Countries with stronger institutional frameworks, more effective institutions, and better rule of law are better equipped to manage and execute projects, leading to more favorable outcomes. This highlights the need for tailored approaches by the GEF to support projects in countries with lower state and institutional capacity.

Adaptive risk management yields positive results

12. Based on quantitative evidence of adaptive risk management in the GEF risk portfolio, of the 315 projects that reported multiple risk ratings over their lifecycle, 29 percent demonstrated a decrease in risk ratings, indicating potential proactive risk management practices. Conversely, 13 percent of projects experienced an increase in risk ratings, suggesting that challenges might have arisen during implementation or were not managed effectively. A decrease in risk ratings is associated with improved project outcomes.

Additional risk taking based on the new risk statement will still result in overall satisfactory outcomes

13. Going forward, the GEF has indicated a willingness to take on additional risk by setting its risk appetite as high for innovation, as substantial for context, and as moderate for execution. According to statistical analyses, based on the risk appetite values for these three risk dimensions, the average overall risk is projected to slightly exceed the substantial level, reaching 3.02. The overall effect on outcomes would be about a six-percentage point decline in the percentage of projects with outcome ratings in the satisfactory range.

Recommendations

14. Based on the findings of this evaluation, the IEO developed the following two recommendations:

Recommendation 1

1. The GEF should refine the 2024 risk appetite statement to clarify risk ownership and establish a risk tolerance band.

(a) Clarify risk ownership: Articulate risk ownership within the GEF's implementing mechanism, encompassing implementing, and executing agencies, member countries, the Council, and the GEF itself. Specify the risk ownership of each entity.

(b) Establish a risk tolerance band: Define a clear range of risk tolerance for both the GEF and the Agencies at the portfolio level, clearly recognizing that levels of risk outside this band may still be accepted, but subject to a higher level of management scrutiny and approval.

Recommendation 2

(a) Establish a risk management mechanism to proactively manage risks within the GEF framework. This would include developing guidelines and processes for the GEF Secretariat and implementing agencies.

(b) Drawing on the experience of other global partnerships like the Green Climate Fund and the Global Fund, the GEF should enhance transparency and efficacy in risk management practices going forward. These may include (1) establishing risk management processes, setting standards, and providing the necessary support to implementing Agencies; (2) monitoring compliance; and (3) ensuring consistent communication of risk appetite from the Council and the GEF Management.

II. INTRODUCTION

1. **Managing risk has been of rising significance for most agencies in the international development space over the past decade.** Many of the Global Environment Facility (GEF) implementing agencies have developed enterprise risk management frameworks, initially focused on financial risks, but more recently also on operational, strategic, and to some extent, stakeholder risks. As donor resources face depletion in the aftermath of the 2008 financial crisis, compounded by the impacts of COVID-19, the war in Ukraine, and inflation, development organizations are confronted with unprecedented challenges. Concurrently, global issues such as climate change, biodiversity loss, and pandemics are intensifying, further straining available resources. In response to these multifaceted challenges, development organizations are compelled to adopt strategies aimed at maximizing their resources and impact. This involves assuming greater levels of risk, coupled with a concerted effort to enhance transparency in risk taking processes.

2. **The GEF Scientific and Advisory Panel (STAP) 2018 guidance on innovation**[1] provided a framework for a strategic direction for innovation in GEF programming and underscored the importance of having a risk appetite statement. In the Seventh Comprehensive Evaluation of the GEF (OPS-7),[2] the GEF's Independent Evaluation Office (IEO) urged a continued emphasis on innovation for transformational change, noting that the GEF should encourage innovation and clearly articulate an acceptable level of risk. In its management response, the GEF Secretariat agreed and asked STAP and Council Members for guidance in establishing an acceptable appetite for risk that would guide the preparation, selection, and design of innovative projects. In response, the GEF Secretariat, STAP, and Council Members prepared a paper on "GEF Risk Appetite" [3] that was endorsed by the GEF Council in February of 2024.[4]

3. **This IEO evaluation contributes to the implementation of the GEF's Risk Appetite document.** It does so by looking at available data and engaging in discussions about risk appetite with GEF implementing agencies. Additionally, it compared risk appetite to the existing levels of risk in the GEF portfolio from GEF-5 onwards. Our quantitative analysis is grounded in annual risk and outcome ratings extracted from the Project Implementation Reports (PIRs) and terminal evaluations, documented in the GEF Portal database, as well as in-depth document reviews for high-risk projects.

4. **The GEF has progressively adopted elements allowing it to analyze risks across the project lifecycle**, culminating in the 2024 Risk Appetite document.[5] In GEF-7, the GEF introduced a dedicated section on risks both in the Project Implementation Form (PIF) and CEO

[1] GEF-STAP. 2018. Innovation and the GEF. A STAP Document. GEF/STAP/C.55/Inf.03 December 13, 2018.
[2] GEF IEO. 2022. Global Environment Facility Independent Evaluation Office (GEF IEO), Seventh Comprehensive Evaluation of the GEF: Working Toward a Greener Global Recovery, Washington, DC: GEF IEO, 2022.
[3] GEF, 2024. GEF Risk Appetite. GEF/C.66/13, February 5-9, 2024.
[4] GEF, 2024. GEF Risk Appetite. GEF/C.66/13, February 5-9, 2024.
[5] GEF, 2024. GEF Risk Appetite. GEF/C.66/13, February 5-9, 2024.

Endorsement templates[6] for elaboration by Agencies. The risk section in GEF-7 was a blank field for Agencies' own statements, whereas the GEF-8 template introduced a structured template with 12 risk categories, later streamlined upon approval of the 2024 GEF risk appetite document. Every year during implementation, agencies provide an overall risk rating, as required by the Monitoring Policy.[7] These elements provide the basis for reporting on risk from project concept to completion.[8]

5. **GEF implementing agencies have distinct risk management frameworks in place that serve their mandates**. Each of the nine GEF agencies that were interviewed[9] (out of a total of 18 agencies) by IEO for this evaluation have their distinct risk management frameworks in place that serve their agency's mandate (see Table 2). They report their overall risk rating to the GEF annually. Within each agency, GEF projects tend to have the same risk profile as non-GEF funded projects. Furthermore, all agencies employ risk log systems to monitor risks annually while implementing mitigation measures. Among the nine GEF agencies interviewed, the European Bank for Reconstruction and Development (EBRD), the United Nations Development Programme (UNDP), and the World Bank have established both a risk appetite statement and a risk tolerance statement, while Conservation International (CI) is presently crafting an aspirational risk appetite statement.

6. **This evaluation offers insights into the risk profile of GEF operations by assessing the GEF portfolio of closed projects**. It does so based on risks encountered throughout the project cycle and on outcome ratings, which serve as a proxy for achieving global environmental benefits.[10] Moreover, this evaluation estimates a risk tolerance band in terms of slightly lower outcome ratings, reflecting the acceptance of potentially reduced achievement ratings in higher-risk projects. In addition to employing qualitative research methods, the evaluation illustrates examples of the rewards associated with taking high risks (e.g., using remote sensing technology), particularly in cases where projects are effectively managed.

7. Finally, drawing from the portfolio evidence and interviews with implementing agencies, the evaluation formulates recommendations aimed at supporting the implementation of the GEF's Risk Appetite Statement. These recommendations focus on clarifying risk ownership to facilitate effective risk management practices within the GEF framework, as well

[6] GEF-8 World Bank PCN Stage/GEF Data Sheet; https://www.thegef.org/documents/gef-8-world-bank-pcn-stage-gef-data-sheet. In this form, the GEF secretariat is tracking the following 12 risk categories at the PCN stage: Climate, Environment and Social, Political and Governance, Institutional and Policy, Technological, Financial and Business Model, Capacity for Implementation, Fiduciary, Stakeholder, Other, Overall Risk Rating. The GEF Secretariat describes these risk categories in more detail in its 2024 Risk Appetite document, annex B. The GEF. 2024. GEF Risk Appetite. GEF/C.66/13 January 4, 2024.

[7] GEF. 2019. Policy on Monitoring. Policy: ME/PL/03, Approved on June 13, 2019.

[8] GEF. 2022. The GEF Monitoring Report 2022. GEF/C.63/03, October 31, 2022.

[9] The IEO conducted interviews with ADB, CI, EBRD, FAO, IDB, IBRD/WB, UNDP, UNEP, and UNIDO. These agencies were selected to ensure representation of all three types of implementing agencies: MDBs, UN agencies, and NGOs. This qualitative sampling technique was developed by Glaser, B. G., & Strauss, A. L. (1967) in "The Discovery of Grounded Theory: Strategies for Qualitative Research" (Chicago: Aldine).

[10] Since GEF-7, projects have been reporting on their global environmental benefits at the terminal evaluation stage. However, no GEF-7 projects were closed and available for inclusion in the IEO's risk database of 366 projects that had both risk and outcome ratings.

as steps that the GEF Secretariat, and the GEF Council, can take to build on the progress achieved so far.

8. **Several upstream decisions impact on the GEF's risk taking behavior.** A key element is the allocative preference revealed in the GEF's STAR allocation mechanism. The 2017 evaluation of the GEF's System for Transparent Allocation of Resources (STAR)[11] comprehensively evaluated the GEF's STAR allocation system and its formula, which accounts for concentration risk and for risks related to environmental policy and institutions. According to the 2017 evaluation, the level of concentration of GEF resources among countries has decreased. The review demonstrates the effectiveness of the GEF in avoiding concentration risks, and hence the current study will not cover the GEF's STAR allocation mechanism.

9. **Earlier IEO evaluations have contributed to this evaluation**. Above all, the 2022 "Seventh Comprehensive Evaluation of the GEF"[12] recommended the formulation of a risk appetite statement for the GEF stating, "since innovation is associated with some level of risk, the GEF Council, together with the GEF Secretariat and the STAP, should clearly articulate the level of acceptable risk across the various instruments and approaches, for clarity across the partnership and to encourage innovation through a managed approach." This recommendation is based on a 2021 evaluation on "GEF Support to Innovation: Findings and Lessons."[13] Another evaluation that provided valuable insights to the current evaluation on risks is the 2024 "Learning from Challenges in GEF Projects" evaluation, which discussed risks to project outcomes and how they can be managed through adaptive management practices. The 2020 "Evaluation of GEF Support in Fragile and Conflict-Affected Situations"[14] provided measures of conflict and fragility that informed this risk evaluation.

10. **The academic literature on the effectiveness of risk appetite statements in the non-financial sector is scarce**.[15] A significant challenge faced by the GEF and in this evaluation is a dearth in the academic literature regarding risk frameworks and risk appetite statements in the non-financial sector. While risk management frameworks are standard practice within the financial sector, and guidance notes[16] exist for several multilateral organizations on the development of risk management frameworks, the evidence regarding the effectiveness of risk management frameworks in terms of achieving better development outcomes is limited. As a result, the analysis presented in this evaluation builds on an existing understanding of 'risk' and

[11] GEF IEO. 2017. GEF's System for Transparent Allocation of Resources. GEF/ME/C.53/Inf.10, November 14, 2017.
[12] GEF IEO. 2022. Global Environment Facility Independent Evaluation Office (GEF IEO), Seventh Comprehensive Evaluation of the GEF: Working Toward a Greener Global Recovery, Washington, DC: GEF IEO, 2022.
[13] GEF IEO. 2021. GEF Support to Innovation: Findings and Lessons. GEF/C.60/02 May 24, 2021. This evaluation states in a similar vein, that since many innovations involve risks, the GEF Secretariat should continuously monitor the risk across the GEF portfolio. The GEF Council, together with the GEF Secretariat and STAP, should, based on such assessment, identify an acceptable risk tolerance level for the GEF portfolio. This risk tolerance level should be clearly communicated to the Agencies along with clarity on defining an innovative project and the criteria for selection of innovative projects.
[14] GEF IEO. 2020. Evaluation of GEF Support in Fragile and Conflict-Affected Situations. GEF/E/C.59/01 November 11, 2020.
[15] See "Managing non-financial risks: A new focus area for executive and non-executive board members," (2016).
[16] See the Committee of Sponsoring Organizations of the Treadway Commission (COSO), for example.

limits itself to evaluative questions that can be readily answered with the available data on risk and outcome ratings collected from the Agencies by the GEF Secretariat.[17]

Objectives and scope

11. **The GEF has embraced an agenda of transformative change**. The GEF aims to leverage its limited resources to shift the trajectory of major environmental trends. Incremental progress is inadequate to achieve this ambition. Therefore, it is necessary to question and assess at a strategic level, what constitutes a desirable and acceptable level of risk in different areas of the investment portfolio.

12. **This evaluation will work with generally accepted concepts of risk**.[18] Risk is generally defined as the uncertainty of outcomes. Risk management can be described as the systematic application of management policies, procedures, and practices to the tasks of communicating, consulting, establishing the context, identifying, analyzing, evaluating, treating, monitoring, and reviewing risk. Lastly, risk appetite can be defined as the total impact of risk an organization is prepared to accept in the pursuit of its strategic objectives.

13. **This evaluation contributes to an understanding of past and current risk management and appetite in the GEF.** It assesses whether the risk management and appetite of agencies are coherent with the GEF's risk profile. It also compares agencies' risk management structures and develops an understanding of the costs involved in risk taking. Furthermore, the evaluation tries to gain greater insight into the concept of high-risk / high-reward projects in its closed portfolio to understand risk factors, risk-prone focal areas such as energy and biodiversity, and mitigation measures. Lastly, the evaluation develops a measure to assess the GEF's revealed risk appetite and tolerance for risk before drawing lessons and providing recommendations. The evaluation concludes with a set of findings and recommendations derived from the report. These findings and recommendations address risk appetite and ownership within the GEF implementing mechanism, elaborate on risk factors, and discuss rewards for high risk taking. The findings shed light on the GEF's demonstrated risk appetite in completed projects and highlight the risk management models employed by GEF Agencies and examine strategies for the GEF to enhance agency risk taking.

Approach

14. This evaluation seeks to review the current risk framework of the GEF, assess and compare the risk practices across GEF Agencies, and validate the profile of risk of GEF projects based on a portfolio review.

[17] Vol. 9, 1 53-58 Journal of Risk Management in Financial Institutions.
An interesting comparison is provided by the Risk Appetite Statement and the implementing documents developed by the Global Fund to Fight Tuberculosis, Aids, and Malaria. While distinctly different in its focus, it is one of the few available attempts to cast risk management in the context of a global partnership program. The Global Fund, Risk Appetite Framework, Board Approved GF/B39/DP11, 10 May 2018.

[18] See, for example, Michel Crouhy, Dan Galai, Robert Mark. The Essentials of Risk Management: The Definitive Guide for the Non-Risk Professional. McGraw-Hill Education; 2006.

15. As reflected in the approach paper,[19] this evaluation will answer the following key questions.

(a). Comparing the GEF's risk-rating data with its outcome-rating data, to what extent is the pattern of high-risk/high-reward reflected in the portfolio of closed projects?

(b). To what extent is the relationship between high-risk/high-reward reflected in GEF's portfolio of current projects and its current appetite for risk.

(c). To what extent do the risk categories and risk appetite statements of selected GEF Agencies align with the GEF's risk profile?

(d). Is there further guidance on risk that the GEF could provide to its implementing Agencies?

16. **Risk and risk management are multi-dimensional.** To the extent possible, the evaluation will draw on risk management frameworks and guidance notes that have been prepared in recent years. For instance, governing bodies have asked multilateral development banks (MDBs) and United Nations (UN) agencies to specify their risk management frameworks and develop risk appetite statements. Many have developed corporate risk management frameworks that build on a three-tier structure of "lines of defense." Without assessing the effectiveness of each agency's risk management framework, the evaluation included in-depth discussions and document reviews of selected agencies to gain a better understanding of the robustness, rigor, and agency-specific characteristics of managing risks. The IEO team interviewed representatives of 9 of the 18 GEF implementing agencies to better understand their risk management frameworks and risk appetite, asking about constraints in their ability to manage risks and requests to the GEF Secretariat. Furthermore, the IEO team conducted interviews with selected task managers of GEF projects from various agencies.

17. **This evaluation uses both qualitative and quantitative methods.** Given the differences in agencies' risk management frameworks, the quantitative data collected by the IEO provide a strong, but incomplete picture of risk taking. To arrive at robust findings and conclusions, qualitative information on individual agencies' risk management practices and guidelines have been reviewed. This review informs the interpretation of the qualitative analysis of agencies' risk profile and the overall GEF risk profile. Heatmap profiles, combined with statistical analysis, are used to develop a profile for the GEF portfolio, as well as selected implementing agencies.[20]

18. **Applying quantitative research methods**. The IEO team examined the entire portfolio of closed and ongoing projects in terms of their risk and outcome ratings and generated a heat map. The GEF Portal database monitors risks classified on a four-point scale with development outcomes classified on a six-point scale. Subsequently, the team assessed risk and outcome

[19] GEF IEO. 2024. Assessing Portfolio-Level Risk. A Concept Note. https://www.gefieo.org/evaluations/portfolio-level-risk.

[20] Detailed profiles are developed for the 5 most significant recipients of GEF funding, out of a total of 18 agencies that received funding during the GEF-5 replenishment period.

ratings in countries classified as fragile and conflict-affected, as well as according to the State Capacity Index,[21] which indicates local capacity in a country.

19. **Applying qualitative analysis**. The IEO team compared high-risk and low-risk groups of closed projects based on their ratings and triangulated findings with other IEO evaluations. It identified risk-prone focal areas and the most prevalent risk factors. Going beyond outcome ratings, the IEO assessed the global environmental benefits of a GEF project in Uruguay to demonstrate some of the benefits of taking on elevated levels of risks.

20. **The methodological approach to this evaluation is constrained by several factors**. Firstly, the GEF introduced specific risk rating categories in 2022 but outcome ratings are not yet available. The bulk of projects in the portfolio have an annual overall risk rating documented in the Project Implementation Report (PIR) as well as in the GEF Portal. Secondly, there are conceptual differences in how individual agencies assign risk ratings for GEF projects because of differences in the structure and purpose of each agency's internal risk management framework. Finally, considering the GEF as a partnership involving funding organizations and implementing agencies, it is essential to clearly articulate risk ownership within the GEF's implementing mechanism. This should encompass implementing and executing agencies, member countries, the Council, and the GEF Secretariat. Defining the roles and responsibilities for managing risks across these stakeholders will ensure a more coordinated and effective approach to risk taking and mitigation.

21. **The general portfolio-level analysis is supplemented with more detailed case studies for the World Bank, UNDP, and Conservation International.** These agencies were purposefully selected because they represent three different types of GEF agencies—MDBs, UN agencies, and NGOs. In the case of the World Bank, detailed risk data were available, even though such data were not required before 2019 as part of the reporting to the GEF Secretariat.

Data sources

22. **The primary data sources are the risk and outcome ratings, as well as country and focal area characteristics collected by the GEF for all projects.** As part of regular portfolio tracking, the GEF has included risk ratings by implementing agencies since 2014, although it has only become a required reporting element since 2019. For this evaluation, risk ratings are available for all projects from GEF-5 onward. Main risk ratings in the GEF Portal include Project Implementation Reports (PIRs) ratings from 2014 to 2023, latest available PIR risk ratings, and terminal evaluation risk rating.

23. **Externally available data were used to gain a more granular understanding of the GEF risk profile**. The IEO included the fiscal year 2024 World Bank's classification[22] of fragile and

[21] Jonathan K. Hanson and Rachel Sigman (2021). "Leviathan's Latent Dimensions: Measuring State Capacity for Comparative Political Research." Journal of Politics, Vol. 83, No 4. doi.org/10.1086/715066. IEO analyzed country capacity using the State Capacity Index as well as the World Bank's Country Policy and Institutional Assessment (CPIA) index. However, since the CPIA index only covers low-income countries, we included the analysis based on the State Capacity Index in the report.

[22] FY24 World Bank classification of https://thedocs.worldbank.org/en/doc/608a53dd83f21ef6712b5dfef050b00b-0090082023/original/FCSListFY24-final.pdf

conflict-affected situations (FCS). According to this classification, a total of 36 countries receiving GEF funding since GEF-5 are considered fragile or conflict-affected. Additionally, drawing from the methodology used in the 2020 Evaluation of GEF Support in Fragile and Conflict-Affected Situations,[23] this evaluation also examines fragile situations according to the Fragile States Index produced by the Fund for Peace[24] and conflict situations as defined using data from the Uppsala Conflict Data Program and the Peace Research Institute Oslo (UCDP/PRIO) Armed Conflict database.[25] In addition, the IEO included the State Capacity Index by Hanson and Sigman (2021) which captures a multidimensional measurement of state capacity.[26]

24. **Detailed risk ratings were obtained from UNDP and the World Bank.** The IEO team obtained overall annual risk ratings from UNDP for each year from 2017 through 2023. Similarly, the team received data from the World Bank's Systematic Operational Risk Rating Tool (SORT) from 2019 to 2024.

Data choices and limitations

25. **Data availability is improving but has limited the scope of the retrospective portfolio analysis**. There are two dynamics that have a significant bearing on the portfolio analysis, which relies heavily on risk and outcome ratings data. First, by the nature of the project duration, outcome data derived from terminal evaluations are heavily skewed toward projects that were approved under GEF-5. At the same time, risk ratings, whether during implementation or at closure, have become much more readily available since 2018. Furthermore, an assessment of risks at the CEO approval stage has become available during GEF-7, a significant step in the right direction for future analysis or deliberate risk taking by the GEF.

26. **Determining which risk ratings to consider during the analysis is important**. Critical decisions, such as the approval of GEF funding, depend on risk ratings at the CEO approval

[23] GEF IEO. 2020. Evaluation of GEF Support in Fragile and Conflict-Affected Situations. GEF/E/C.59/01 November 11, 2020.

[24] The Index has four broad categories of fragility: alert (very fragile), warning (of concern), stable (mostly stable), and sustainable (very stable). For this evaluation, each country was assigned to the most commonly occurring fragility classification over the period 2010–2023 (i.e., from the start of GEF-5). A total of 14 countries/economies receiving GEF funding from GEF-5 onwards were not categorized in the Fragile States Index: Cook Islands, Dominica, Kiribati, Kosovo, Marshall Islands, Nauru, Niue, Palau, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Tonga, Tuvalu, and Vanuatu.

[25] Conflict situations are defined using data from the Uppsala Conflict Data Program and the Peace Research Institute Oslo (UCDP/PRIO) Armed Conflict database—a global database of armed conflicts from 1946 to present. Referring to Harbom and Wallensteen (2008), which defines a major armed conflict as an armed conflict in which there is at least 1,000 battle-related deaths, this evaluation defines conflict-affected situations as those experiencing more than 1,000 annual battle-related deaths at least one year since 2010 (start of GEF-5). The UCDP/PRIO Armed Conflict data includes no observations from a total of 45 countries receiving GEF funding, from GEF-5 onwards. These countries are: Antigua and Barbuda, Bahamas, Barbados, Belarus, Belize, Cabo Verde, Chile, Cook Islands, Costa Rica, Cuba, Dominica, Dominican Republic, Equatorial Guinea, Fiji, Gabon, Grenada, Kazakhstan, Kiribati, Kosovo, Malawi, Maldives, Marshall Islands, Mauritius, Micronesia, Mongolia, Montenegro, Nauru, Niue, Oman, Palau, Samoa, Sao Tome and Principe, Seychelles, Slovenia, St. Kitts and Nevis, St. Lucia, St. Vincent and Grenadines, Suriname, Timor Leste, Tonga, Turkmenistan, Tuvalu, Vanuatu, and Viet Nam.

[26] Jonathan K. Hanson and Rachel Sigman (2021). "Leviathan's Latent Dimensions: Measuring State Capacity for Comparative Political Research." Journal of Politics, Vol. 83, No 4. doi.org/10.1086/715066.

stage. However, risk ratings change during implementation due to unforeseen external developments and unanticipated implementation challenges. Finally, at the terminal evaluation stage, it is insightful to examine the correlation between risk ratings and outcome ratings and how changes in risk ratings during implementation translate into outcomes. Therefore, the analysis in this paper considers various perspectives of risks at different stages of the project cycle to draw well supported conclusions.

III. THE GEF'S RISK MANAGEMENT FRAMEWORK

27. **The GEF aims to embrace more deliberate risks in its efforts to achieve transformative environmental outcomes**. During its 66th meeting, the GEF Council adopted a risk appetite document[27] designed to guide agencies in undertaking calculated risks. The document outlines three key risk dimensions and nine specific risk categories (refer to table 1 below). To encourage greater risk taking in pursuit of global environmental benefits, the robustness of each agency's internal risk management framework is critical. This section focuses on the challenges that may arise in translating the risk appetite statement into greater risk taking by agencies ultimately aiming to achieve greater global environmental benefits.

Table 1: Dimensions and categories of the GEF's risk appetite framework

Dimension	CONTEXT	INNOVATION	EXECUTION
Category	Climate	Institutional and Policy	Capacity for Implementation
	Environmental and Social	Technological	Fiduciary
	Political and Governance	Financial and Business Model	Stakeholder

28. **The GEF's risk appetite statement is ambitious**. In response to the Council's request to significantly boost the GEF's risk appetite,[28] the GEF Secretariat has set the risk appetite levels as "substantial," for contextual risk, "high" for innovation risk, and "moderate" for execution risk. However, the GEF's risk management mechanism is less clear. The risk appetite document does not specify a risk tolerance band, unlike other agencies. For instance, the World Bank identifies a risk tolerance of 10 percent for its overall portfolio. The document highlights the

[27] GEF. 2024. GEF Risk Appetite. GEF/C.66/13 January 4, 2024.

[28] During the 66th GEF Council meeting, Switzerland and the United Kingdom encouraged the GEF to take on more risk while at the same time learning from possible failure. According to one Council member, "we anticipate that the new risk statement will further facilitate risk taking and innovation. It is imperative for the GEF to embrace the possibility of failure as we encourage higher risk taking. Failure should not be seen as a problem in itself, as long as we continuously extract valuable lessons from it." The GEF's risk appetite statement is one step in the right direction.

need for further consultation and elaboration on the implementation of the risk appetite framework within the GEF and its implementing agencies.

29. **The clarity of the GEF's risk appetite levels for the three dimensions is helpful and appropriate**. However, the desired risk level for the portfolio is not clearly articulated. Although differentiated data along the risk dimensions are available only for one year, the current overall portfolio risk ratings fall well below the "Moderate" level, with only a few agencies exceeding a moderate aggregate risk taking. What the risk appetite level means in practice is left undefined. A roadmap, linked to a causal relationship with greater global environmental benefits achievements, would provide greater clarity on the practical application of the Risk Appetite Statement.

30. **The concept of "residual risk," i.e., the remaining risk after mitigating measures have been put in place, raises the question of "risk ownership**." For instance, innovation risks acceptable to, and encouraged by, the GEF Risk Appetite Statement may well exceed individual agencies' internal risk appetite for the same dimension or category. The Action Plan for the implementation of the GEF Risk Appetite Framework remains thin on this question and the description of the current risk management practice (annex A of the GEF Risk Appetite document) assigns the Secretariat and the Council only a reporting and oversight role. A clear articulation of risk ownership would be an important step in supporting a cultural shift toward greater deliberate risk taking in pursuit of greater global environmental benefits.

Role of risk management in partnerships

31. **Internal risk management practices are robust in GEF implementing agencies.** Based on documents provided and interviews with 9 out of 18 GEF implementing agencies, significant steps have been taken in recent years to strengthen internal risk management practices within the GEF Agencies (see table 2).[29] The table below and an extended version in annex A, table A.1. compares agencies' operational risk management practices along with some institutional dimensions, such as risk ownership, risk appetite, risk culture, and some organizational dimensions.

[29] IEO also examined risk management practices at the Green Climate Fund (GCF), the Climate Investment Funds (CIF), and the Global Fund to better understand similar partnership funds.

Table 2: Comparing risk frameworks among GEF Agencies

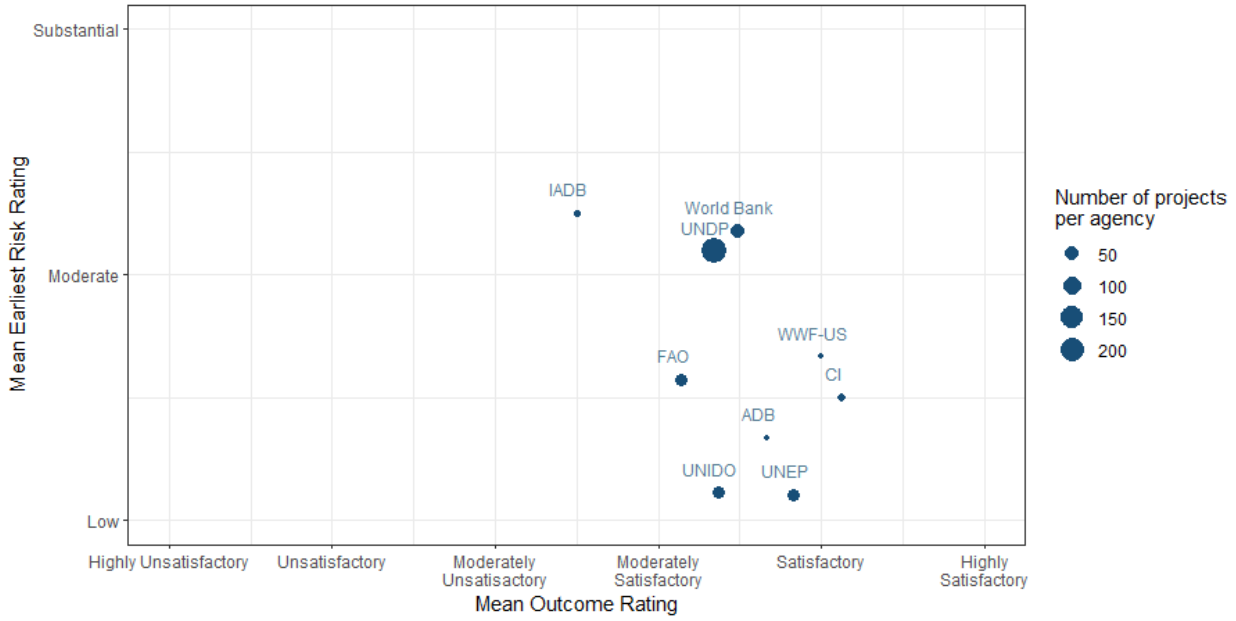
	ADB	CI	EBRD	FAO	IDB	IBRD/WB	UNDP	UNEP	UNIDO
Risk categories	4 risk categories	5 overarching categories with 27 sub-categories	12 risk categories	5 risk categories	17 risk categories	9 risk categories, including overall risk rating	8 risk categories, with highest rating for overall risk rating	9 risk categories with 135 sub-categories	2 main categories
Risk rating scale	4-point scale	4-point scale	A qualitative 4-point scale	4-point scale	4-point scale	4-point scale	4-point scale	4-point scale	4-point scale
Risk alert /flag, or escalation system	No information available	High-risk projects receive additional resources for implementation and training, and they are being audited on an annual basis	High risks are escalated up the hierarchy	High risks are flagged and escalated along the institutional hierarchy	High- and medium-high-risk projects are flagged in the PMR system	High-risk projects are being flagged in the ISR system	A time-bound and performance-based risk alert system and escalation of risks via PIMS+ for Vertical Fund-specific risks	A risk escalation process is in place	Risk alert / flag, or escalation system is in place to alert higher levels of oversight
Risk appetite statement	Yes	Developing aspirational document	Yes	No	No	Yes (since 2022)	Yes (since 2021)	No (no plans)	Annual risk appetites statement for each department
Risk culture	Cautiously forward leaning	Considers itself a brave organization	Prudent Risk Management practices	Mostly risk averse	Rather risk averse	Risk averse	Risk embracing depending on category of risk	Risk embracing	Risk embracing (innovation and private sector collaboration)

Source: Interviews with selected GEF agencies and validation.

32. **Agencies have different risk categories and different risk cultures.** The comparative analysis of the GEF and nine of the agencies illustrates the different attitudes toward risk taking across GEF implementing agencies, but also the different criteria by which risk is measured and managed. This may pose a significant challenge in translating the GEF risk appetite statement into actual changes in risk taking.

33. Based on interviews with staff responsible for risk management in the nine agencies, the Asian Development Bank (ADB), EBRD, UNDP, the United Nations Environment Programme (UNEP), and Conservation International consider themselves to take a risk-embracing approach, while the other organizations consider themselves to be more risk-averse. However, this assessment is driven more by the organizations' own ambitions rather than the actual risks and risk assessments within the GEF portfolio. For instance, Conservation International categorizes most of its risks as low to moderate and avoids operating in FCS countries with high risk, despite portraying itself as risk-embracing. In contrast, the World Bank perceives itself as risk-averse but ranks among the agencies with the highest revealed risk appetite (see figure 3).[30]

Figure 3: Different risk profiles can lead to similar outcomes



***Note**: Completed and ongoing projects with available risk and outcome ratings only (n = 366).*
Source: GEF data.

[30] In 2019 and 2020, the World Bank conducted a recalibration of its risk rating system known as the Systematic Operations Risk-rating Tool (SORT). This exercise involved a shift in focus from inherent to residual risks, impacting the risk ratings rather than the actual risks themselves. As a result, risk ratings were generally adjusted downwards, primarily affecting projects previously categorized as high risk. Following the recalibration, the remaining high-risk projects were slated to receive additional management attention.

34. **Different risk profiles can yield similar outcomes.** Across agencies, distinct risk profiles ultimately yield comparable outcomes. UNDP and the World Bank which collectively constitute the largest portion of the portfolio have similar risk (and outcome) profiles within the GEF portfolio (see figure 3 and figure 4). When asked about their disparate systems, agencies were resolute in their stance against harmonization, preferring to adhere to their individual standards. These divergent standards are tailored to each agency's mandate, are complex, and are designed to effectively serve their intended purposes.

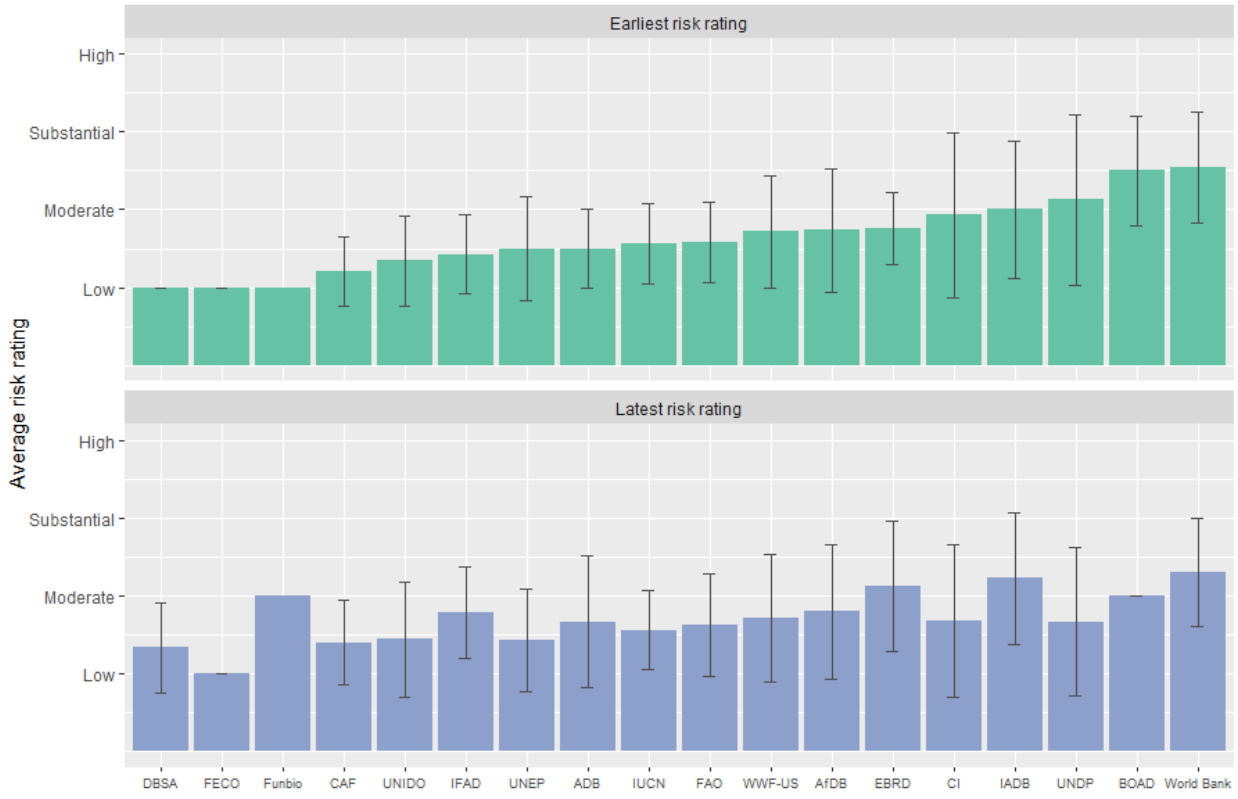
35. **Agencies monitor risks closely**. All agencies employ risk log systems to monitor risks on either an annual or biannual basis, alongside implementing mitigation measures (see annex A, table A.1.). In addition, agencies have established alert systems designed to promptly identify high-risk projects and escalate them to senior management, and if necessary, to headquarters and the Board. These systems underscore compliance with the GEF's 2019 Updated Policy on Minimum Fiduciary Standards,[31] which mandates that agencies implement processes or systems, such as a project-at-risk system, to signal when a project encounters issues that could impede its objectives and to take appropriate corrective actions. In accordance with its Safeguards and Minimum Fiduciary Standard policies, the GEF requires agencies to identify high social and environmental risks, such as potential harm to local communities, as well as fiduciary risks, such as the misuse of GEF funds.[32]

36. **Agencies maintain an overarching risk management system.** The respective enterprise risk management (ERM) frameworks outline designated risk owners within the institutional hierarchy. Each agency has either a dedicated specialist or a team tasked with managing risks. Larger organizations often feature a chief risk officer overseeing risk management functions, alongside a risk committee comprising directors who address risks organization-wide, and specialized risk management units. The GEF monitors risks along different stages in the project lifecycle. IEO assessed the first and last available risk ratings in the GEF Portal database. We classify, in this study, "early" risk rating as the overall risk ratings provided by implementing agencies in the Project Implementation Document (PIR) and "latest" risk rating as the rating provided in the latest PIR (also see the chapter on "Risk ratings in the GEF portfolio of closed projects" below).

[31] GEF. 2019. Updated Policy on Minimum Fiduciary Standards; GEF/C.57/04/Rev.02 December 19, 2019.

[32] GEF. 2019. Policy on Environmental and Social Safeguards; Policy: SD/PL/03; Approved on December 20, 2018; Last Updated on June 13, 2019: According to the GEF's Safeguards policy, "Agencies report promptly to the Secretariat any cases reported to their respective accountability, grievance and conflict resolution mechanisms in connection with GEF-financed projects or programs, which these mechanisms have determined to be within the scope of their review, and how such cases have been addressed, consistent with the requirements set out in Minimum Standard 2." GEF. 2019. Updated Policy on Minimum Fiduciary Standards; GEF/C.57/04/Rev.02 December 19, 2019. According to the Policy on Minimum Fiduciary Standards, "the Investigation Function Standard provisions that require GEF Partner Agencies to report to GEF Council the established instances of misuse of GEF funds should be supplemented with a provision for GEF Partner Agencies to submit annual statistical information on complaints received and under review." Accordingly, a GEF agency is required to "report to Council on an annual basis through the Secretariat, statistical information on cases involving non-compliance with Agency fiduciary requirements (including fraud and corruption) that involve GEF-financed projects and are under their formal review."

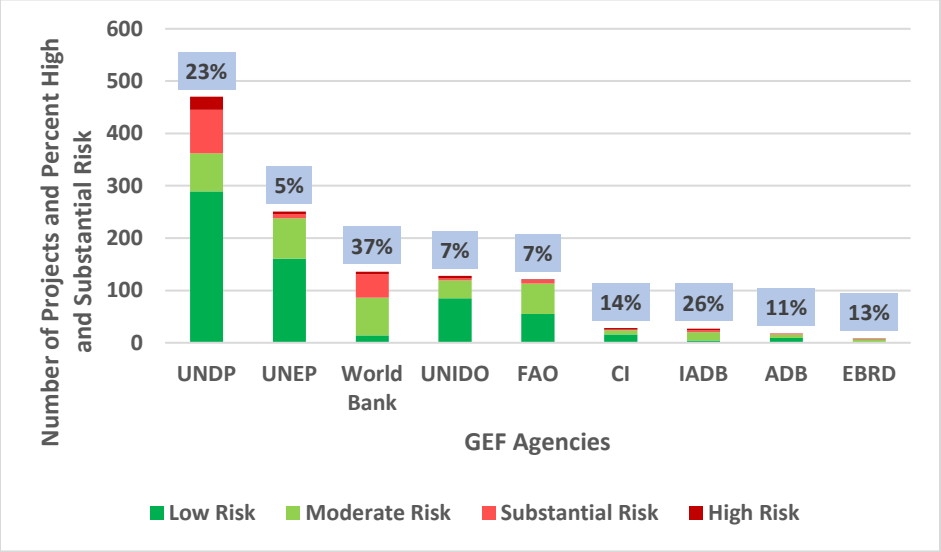
Figure 4: Average risk rating and standard deviation for each lead agency



Source: GEF data.

37. **Interestingly, the self-described risk culture is often the exact opposite of what the data show.** This discrepancy could be due to a lack of harmonization and underscores the need for a more uniform understanding of risks taken in relation to the GEF's mission and goals. Figure 3 below lists the distribution of risk ratings across agencies in the overall portfolio of closed and ongoing projects. It also highlights the proportion of projects categorized as high- and substantial-risk.

Figure 5: Distribution of risk ratings among nine GEF agencies



Source: GEF data.

38. **Some agencies are better equipped to manage risks than others.** Figure 5 illustrates the World Bank, UNDP and IDB's ability to handle higher risks, with 37 percent of their projects categorized as substantial or high-risk projects compared to more cautious agencies. These more cautious agencies may lack the resources to manage larger risk-taking endeavors. Therefore, any initiative by the GEF Secretariat and the Council to elevate the level of risk taking requires collaboration with agencies to ensure they possess the capacity and willingness to take on additional risks. Understanding the internal incentives and dynamics unique and specific to each institution would be instrumental in supporting agencies' risk-taking endeavors.

39. **There are also variations in the proactive risk management approaches among the 18 implementing agencies of the GEF**. Previous risk assessments reveal that only four GEF implementing agencies – FAO, IDB, UNDP, and the World Bank – have projects classified as substantial or high-risk. These substantial- and high-risk projects constitute fewer than 40 percent of each of these agencies' portfolios. Conversely, the majority of projects managed by ADB, UNEP, and UNIDO are categorized as low risk.

40. **World Bank projects consistently exhibit higher risk levels throughout their project cycles, yet they manage to deliver satisfactory outcomes**. Meanwhile, in a larger proportion of UNDP projects, project managers tend to mitigate and lower high risks through adaptive management practices, resulting in moderately satisfactory outcomes on average. Notably, both UNDP and the World Bank lead some high-risk, high-return projects. These projects, initially classified with substantial or high risk, ultimately achieve outcomes within the satisfactory range, rated 4 or above.

In summary, only a few GEF agencies demonstrate the ability to effectively manage high risks while still achieving satisfactory outcomes. It is therefore imperative for the GEF to assess its engagement with the different Agencies in managing its risk appetite.

41. **Three GEF implementing agencies are selected as examples for an in-depth look at their risk management frameworks, with a particular focus on how GEF projects are reviewed for risk.** These examples represent MDBs, UN agencies, and NGOs respectively. Specifically, Conservation International (CI), UNDP, and the World Bank are used as examples of risk management systems within the GEF's implementing agencies. The key characteristics are based on in-depth interviews, supplemented with document reviews. In some cases, interviews conducted with other implementing agencies served as a useful reference point. The examples illustrate how risks in GEF projects are managed by an implementing agency (see boxes 1, 2, and 3).

Box 1: World Bank risk management framework

GEF projects operate within the IBRD's risk management framework. At the World Bank Group, the Chief Risk Officer and the Operations Policy and Country Services (OPCS) team are tasked with overseeing risk management for the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The GEF operates within the purview of IBRD's risk management framework. The World Bank takes no more and no less risk in GEF-funded projects than it would otherwise.

IBRD has three lines of defense. These are (1) operations and legal departments, (2) the office of the Chief Risk Officer and (OPCS), and (3) Group Internal Audit Department (GIA). In contrast to UNDP, the risk management framework within the IBRD appears somewhat fragmented. IBRD lacks a dedicated risk management committee and a clear firewall within its second line of defense, something GEF policies are requiring.[33] The IBRD's Systematic Operations Risk-rating Tool (SORT), classifies risk into low-risk, medium-risk, substantial-risk, and high-risk, based on nine sub-categories: (1) political and governance, (2) macroeconomic, (3) sector policies, (4) technical design, (5) institutional capacity, (6) fiduciary, (7) environment & social, (8) stakeholder, and (9) other, as well as an overall risk rating. These ratings are updated on a semi-annual basis for every project under implementation, as well as a summary rating at the final self-evaluation, and independent evaluation stage. These eight World Bank risk categories are the most similar to the 12 GEF categories compared with other GEF agencies.

The overall risk culture at the World Bank could be characterized as risk averse. Particularly with regard to the use of funds, owing to the stringent oversight from its Board and the need to protect its AAA rating. While the Bank's Board of Directors mandates the prudent use of IBRD and International Development Association (IDA) funds, there is a growing desire to enhance impact by embracing a more risk-tolerant approach. Establishing a risk appetite statement and robust risk management system marked the initial step toward this goal.

The World Bank has a risk appetite statement. In January 2022, the World Bank finalized a risk appetite statement. According to this statement, the risk appetite for IBRD's overall risk is designated as substantial on a four-point scale, applicable to the entire portfolio. Additionally, OPCS implemented a 10

[33] GEF. 2019. Updated Policy on Minimum Fiduciary Standards; GEF/C.57/04/Rev.02 December 19, 2019.

percent risk tolerance, allowing for the classification of 10 percent of projects in the portfolio as high-risk, while the GEF currently does not define risk tolerance, something this evaluation is providing. For projects situated in FCS countries, the World Bank's risk appetite is defined as high. The World Bank has exceeded that band several times without taking extraordinary action, which reflects a general tolerance for informed risk taking in the interest of achieving development outcomes.

Institutional capacity emerges as the most significant project risk, and GEF-funded projects show the identical risk pattern. Based on an analysis of over 3,000 World Bank projects, two clear patterns emerge. First, among the nine sub-risk categories captures in the SORT database, institutional capacity consistently ranks as the highest-rated risk between 2019 and 2024 (see annex B, figure B.1.). At the same time, comparing the World Bank's GEF-funded projects with the overall World Bank portfolio, the overall risk ratings are statistically indistinguishable.[34] What this implies is that as far as the World Bank is concerned, GEF projects fit into the broader risk tolerance and risk profile like any other World Bank financed project. In other words, the World Bank takes no more and no less risk in GEF-funded projects than it would otherwise. Although complete portfolio data are not available for other organizations, UNEP confirmed a similar pattern in IEO's discussion, and it is plausible to assume that other organizations follow the same principle.

Box 2: UNDP's risk management framework

UNDP has implemented a state-of-the-art enterprise risk management system. Since 2019, UNDP has fortified its risk management system and has implemented a state-of-the-art enterprise risk management (ERM) system. This ERM system is structured with three lines of defense—implementation, oversight, and internal audit—ensuring robust risk management practices. Additionally, a firewall has been established between project managers involved in project design and those responsible for its implementation, enhancing accountability and integrity within the organization. At various levels, such as project, program, or unit, as well as at the corporate level, UNDP rates risks as low-risk, medium-risk, substantial-risk, and high-risk across eight risk categories. Notably, UNDP does not have an overall risk rating.

Risks are escalated within UNDP in a timely fashion. A time-bound risk alert system has been implemented to register and escalate risks within UNDP's decentralized organizational structure. Risks are escalated sequentially, first to the mission representative, then to a risk committee known as the Organizational Performance Group (OPG). Finally, significant risks are brought to the attention of the Associate Administrator and Chief Risk Officer. This risk escalation process is facilitated by an integrated information management system (Quantum), ensuring timely and effective management of potential risks at every level of the organization.

A dedicated unit oversees and proactively mitigates risks in GEF-funded projects. UNDP has established a dedicated risk management and oversight unit to proactively mitigate risks in GEF-funded projects. This unit serves as a model for the entire agency. Consistent with GEF policy,[35] UNDP projects are flagged if they encounter (1) safeguards issues or (2) fiduciary challenges. This proactive approach

[34] IEO analysis for World Bank case study available upon request.

[35] GEF. 2019. Updated Policy on Minimum Fiduciary Standards; GEF/C.57/04/Rev.02 December 19, 2019 and GEF. 2019. Policy on Environmental and Social Safeguards; Policy: SD/PL/03, Approved on December 20, 2018, Last Updated on June 13, 2019.

ensures that potential risks are identified and addressed promptly to safeguard the integrity and success of UNDP's projects.

Artificial Intelligence (AI) technology helps identify high-risk projects. As of 2023, AI technology is employed to identify high-risk projects based on seven predefined categories.[36] Once identified, these high-risk projects undergo intensified monitoring and are allocated additional funding to enhance oversight and bolster implementation capacity.

UNDP has a risk appetite statement. UNDP developed a risk appetite statement, which came into effect in October 2021. This statement outlines risk expectation levels[37] for each of UNDP's eight risk categories.[38] The statement serves as a reference point for risk tolerance across all UNDP country offices worldwide, as well as for its stakeholders, donors, partners, and the public. It delineates the maximum level of risk the organization is willing to accept. In this context, risk appetite at UNDP signifies the highest level of risk tolerance. This approach markedly differs from institutions like the World Bank.

Box 3: Conservation International's risk management framework

Given CI's reliance on donor contributions, reputational risk takes precedence on the organization's risk management agenda. To effectively address this risk, CI conducts annual surveys among its managers to assess potential threats to its reputation. By proactively identifying and evaluating reputational risks, CI can implement appropriate strategies to safeguard its standing and maintain the trust of its donors and stakeholders. To back up this focus, CI's risk management framework encompasses three key categories: (1) operational risk, (2) implementation risk, and (3) strategic risks.

As a nonprofit organization, CI adheres to the COSO risk management guidelines.[39] CI's Internal Audit conducts comprehensive reviews of all CI projects every two to three years. In the case of high-risk projects, additional resources are allocated for implementation and training, and these projects undergo annual audits. It is worth noting that, to date, no closed GEF-financed projects implemented by CI have been classified as high-risk.

CI is currently in the process of crafting a risk appetite statement, which it views as an aspirational document. The organization perceives itself as bold and adventurous, willingly embracing risks as it endeavors to discover scientific and technical solutions to climate change and conservation challenges. CI believes that enhancing the transparency of its risk management framework will enable it to undertake even more calculated risks. From CI's perspective, the greatest risk it faces is the prospect of inaction. This philosophy underscores CI's commitment to innovation and proactive engagement in addressing critical environmental issues.

[36] UNDP identifies high-risk projects based on the following seven categories: substantial funding (over $150 million), projects in the oil sector, those in fragile and conflict-affected situations (FCS), cash projects, safeguards, and infrastructure.

[37] UNDP's risk appetite statement expresses risk appetite according to five tiers: (1) minimal risk appetite, (2) cautious risk appetite, (3) exploratory risk appetite, (4) open risk appetite, and (5) seeking risk appetite.

[38] UNDP's eight risk categories: (1) social and environmental, (2) financial, (3) operational, (4) organizational, (5) political, (6) regulatory, (7) strategic, and (8) safety & security.

[39] Retrieved on November 28, 2023 from: https://www.coso.org/guidance-erm.

CI formulates an annual risk management plan to systematically address potential risks. The audit and risk committee establishes the tone and expectations for risk management, providing reports to both management and the Board. In addition to these measures, CI utilizes safeguards and a grievance mechanism as additional tools for managing risks effectively. These comprehensive strategies contribute to CI's proactive approach to risk management, ensuring the organization is well-prepared to navigate challenges and achieve its conservation objectives.

Most GEF-funded projects in CI's portfolio are rated as low-risk. This evaluation did not examine risk ratings and development outcomes for CI separately because only 11 projects were financially closed in the evaluation time frame. However, the contrast between an ambition to take on risks, a sound risk management framework, and the low-risk ratings for GEF-funded projects is striking.

42. **Based on the above analysis, additional risk taking in the GEF portfolio will need additional efforts**. The risks that agencies are willing to take in their GEF-funded projects largely mirror the risks taken in their own overall portfolios. Strong and divergent internal risk management frameworks and differing risk-taking cultures within agencies indicate that GEF statements on risk taking alone will have little impact on the GEF risk profile. The GEF would need to encourage agencies to pursue innovative, high-risk projects in challenging country contexts. This could be achieved by either new instruments or through further expanding current initiatives.

43. **Risk ownership needs clarification**. The GEF project implementation mechanism is complex, involving multiple stakeholders: the GEF provides funding, the implementing agency conceptualizes the project, and the executing agency carries out the project in respective countries. Implementing agencies have expressed the need for clearer guidance on risk ownership from the GEF Secretariat and the Council. They anticipate instructions on the conditions that encourage boldness and innovation in project design and implementation, allowing them to push boundaries to achieve transformative outcomes. Additionally, they seek clarification on the circumstances under which agencies should exercise caution.

44. **Furthermore, it would be beneficial for the GEF and the Council to establish a clear metric for risk allocation.** This metric should specify various risks, allowing agencies to choose those that they are prepared to manage. For example, agencies working with innovative technologies in fragile contexts face inherent high risks, including reputational risks for the agencies and the GEF. These agencies need a platform for feedback and additional mechanisms to support larger-scale implementation.

45. **Another aspect to consider is the implementing agency's relationship with the client country**, which entails co-financing risks if the project fails to deliver results. Experienced project managers are thus hesitant to undertake high-risk endeavors and pursue innovation, as doing so could potentially strain the long-term relationship with the client country.

46. **Risk taking comes at a cost**. It is imperative for the GEF to openly discuss risks and clearly outline costs. In addition to identifying risks, the GEF requires a robust methodology for

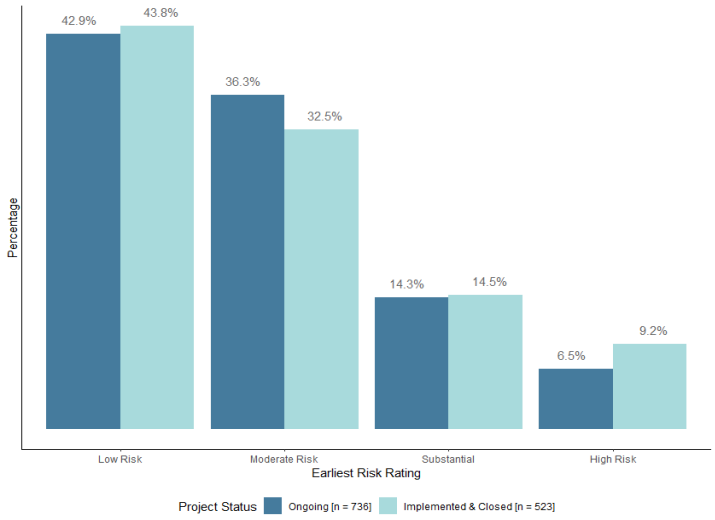
effectively mitigating them. For example, in FCS countries like Yemen, overhead costs can represent up to 18 percent of project expenses.

IV. PORTFOLIO ASSESSMENT

47. **In this section, we leverage available risk and outcome ratings to investigate correlations across the entire portfolio of closed projects.** Furthermore, we analyze these relationships within fragile and conflict-affected situations, as well as according to country capacity measured by the state capacity index.[40] The section also examines risk concentration by focal area and offers a qualitative overview of the benefits associated with high-risk endeavors.

48. **Overall, the analyzed portfolio included 1,403 closed, implemented, and ongoing projects**. Among these, 165 projects do not include any risk ratings. Of the 573 closed and implemented projects from GEF-5 to GEF-7, 532 have at least one risk rating (see figure 6 below). Outcome ratings are available for closed and some implemented projects that have produced a terminal evaluation (TE) and have been validated by the IEO.[41] In total, out of our portfolio of 573 closed and implemented projects from GEF-5 onwards, 366 have both risk and outcome ratings.[42]

Figure 6: Risk profile for closed and ongoing projects



Source: GEF data.

[40] Jonathan K. Hanson and Rachel Sigman (2021). "Leviathan's Latent Dimensions: Measuring State Capacity for Comparative Political Research." Journal of Politics, Vol. 83, No 4. doi.org/10.1086/715066.
[41] This evaluation utilizes GEF IEO's validated terminal evaluation dataset from June 2023.
[42] IEO shared the portfolio of 366 project on its website.

49. **For this evaluation, mostly projects funded under GEF-5 through GEF-7 are considered**, given that GEF-8 projects have not yet reached the implementation stage (see table 3 below). Furthermore, only projects that received funding through the GEF Trust Fund (GET) and are either full-size (FSP) or medium-size (MSP) projects are included. Projects under the Small Grants Program (SGP) have been excluded from the analysis. A limited number of Non-Grant Instrument (NGI) projects were included.[43] Given the typical implementation duration of GEF-funded projects, a significant number of these projects are still under implementation and, thus, no terminal evaluations or outcome ratings are available.

Table 3: Portfolio of ongoing and closed projects with at least one risk rating by focal area and GEF replenishment period

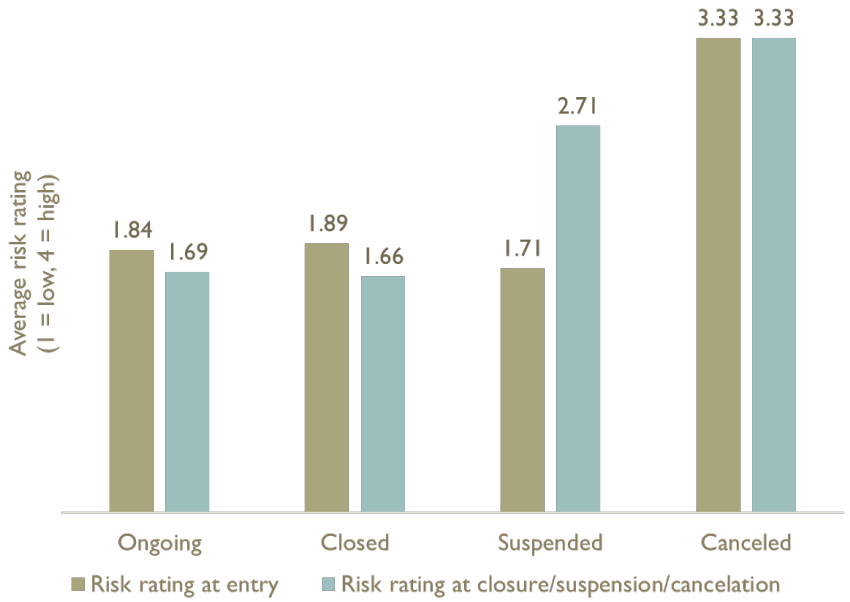
	GEF - 5	GEF - 6	GEF - 7
Biodiversity			
Ongoing	36	65	38
Closed	108	21	1
Chemicals and Waste			
Ongoing	31	38	14
Closed	46	9	0
Climate Change			
Ongoing	51	75	53
Closed	113	20	0
International Waters			
Ongoing	13	19	13
Closed	29	9	0
Land Degradation			
Ongoing	8	22	11
Closed	39	1	0
Multi Focal Area			
Ongoing	44	142	63
Closed	91	35	1

***Source**: GEF data. Ongoing and closed projects with at least one reported risk rating (n = 1259).*

[43] Out of the 1,259 projects in the portfolio for this evaluation, only 25 projects (less than 2 percent) are tagged as NGI in our dataset. Moreover, when considering only projects that also have an outcome rating, the number of NGI projects reduces to just two. Regression analyses summarized in the table below indicate that there is no statistically significant difference in risk rating at entry between NGI and non-NGI projects. However, when examining risk ratings at closure, it is true that NGI projects tend to have a higher risk profile (slightly above moderate, compared to slightly below moderate for other projects). Given the small number of NGIs relative to the total project count, their inclusion would unduly skew the statistical results of the analyses in this evaluation. Indeed, a robustness check of the analysis of correlations between risk and outcome shows that the results remained robust across various regression specifications. Excluding NGI projects from our analysis did not alter the overall findings or conclusions drawn. Additionally, the IEO is currently working on a separate evaluation that will look at NGI projects more closely. The forthcoming evaluation will provide a more in-depth analysis of NGI projects and their unique characteristics, which will complement the findings from this evaluation.

50. **Elevated risk ratings may serve as an indication for potential project cancellation or suspension in a limited number of cases.** Within our portfolio spanning GEF-5 to GEF-7, a total of four projects have been canceled and six projects have been suspended, each having reported elevated risk ratings at least once. Upon examining projects by their status, it is noted that average risk ratings generally remain consistent from project initiation to closure, with the exception of suspended projects.[44] Prior to their suspension, these projects exhibited notably heightened risk ratings, nearing the substantial threshold. This disparity holds statistical significance. Additionally, canceled projects demonstrate consistently higher average-risk ratings (exceeding the moderate threshold) compared to ongoing projects (refer to figure 7 below).

Figure 7: Canceled or suspended projects tend to have higher risk ratings



***Source**: GEF data. Ongoing, closed, suspended, and cancelled projects with at least one reported risk rating (n = 1268).*

51. **Canceled projects consistently exhibit significantly higher average-risk ratings** compared to ongoing projects, as evidenced by both early and late risk assessments. Moreover, this disparity maintains statistical significance, reaching at least the 5 percent level of confidence. Conversely, while the average risk rating for suspended projects does not statistically differ from that of other projects at project initiation, it significantly escalates by project closure, surpassing the risk levels observed in ongoing projects.[45]

[44] IEO regression analysis for canceled and suspended projects available upon request.
[45] IEO regression analysis for canceled and suspended projects available upon request.

Risk ratings in the GEF portfolio of ongoing projects

52. **Overall risk ratings at the CEO Endorsement stages may offer the most impartial estimates of each project's risk level, in contrast to PIR ratings during implementation,** which often capture challenges such as delays that typically do not affect the final risk and outcome ratings. They capture useful insights on risk levels assessed prior to implementation. Therefore, these ratings may be less influenced by factors such as quality of implementation and project outcomes. However, these risk ratings are only available starting in GEF-6 and none of the projects with these ratings has reached closure.[46] A total of 240 projects (mainly from GEF-7) with this type of risk rating are currently under implementation, providing an opportunity for further analytical work in the future.

53. **Comparing the distribution of projects by risk at PIF/CEO Endorsement, there is evidence that suggests that the GEF is pursuing more moderate risk projects**. These moderate-risk projects coincide with fewer low-risk projects and more higher-risk projects. In other words, risk ratings at the CEO Endorsement stage tend to be more concentrated at a slightly higher level of risk than those in the ongoing or closed portfolio. Among GEF-8 projects that have not reached implementation (still at PIF/CEO Endorsement stage), fewer than 30 percent of projects were rated as low-risk (compared to 35.8 percent for projects under implementation). At the same time, the share of projects with substantial or high-risk has declined from nearly 17.4 percent among projects under implementation to 13.7 percent among projects that are still at PIF/CEO Endorsement Stage.

54. **Availability of risk ratings is expected to improve in the future.** According to the GEF 2024 risk appetite document, annex A: "A standard risk tracking tool recording multiple categories of risk in each project and program has been piloted in GEF-8 project and program templates. To help ensure risks are adequately taken into account, GEF-8 project, and program templates introduced standardized categories for risk assessment and ratings, informing an overall risk rating." [47] This means that the quality and availability of risk data may facilitate risk analysis going forward. As a result, based on the evaluation findings, this report's recommendations attempt to provide useful input for future analyses of risk management in the GEF and its implementing agencies.

Risk ratings in the GEF portfolio of closed projects

55. **This evaluation primarily assesses risk for closed projects at two key stages in the project cycle**: at the outset of implementation and upon completion. In terms of terminology, we employ the terms "early risk rating" and "late risk rating," which correspond to the earliest and latest available ratings in Project Implementation Reports (PIR) available in the GEF Portal. We use the terms "at entry" and "at closure" interchangeably with early and late PIR ratings. As it turns out, early risk ratings are a better predictor of outcome ratings, and this evaluation will therefore focus on those ratings in most cases. Late risk ratings tend to signal the sustainability

.[46] IEO regression analysis for risk and outcome ratings available upon request.
[47] GEF. 2024. GEF Risk Appetite. GEF/C.66/13 January 4, 2024.

of a project. Annex C, figure C.1 shows the distribution of early and late risk ratings in the whole portfolio of projects.

56. To analyze the performance of projects and its correlation with risk ratings, this evaluation examines a portfolio of closed projects (implemented and financially closed) with at least one reported risk rating and a validated outcome rating (see figure 8). The GEF rates risk on a four-point scale, with 1 representing low-risk, 2 moderate-risk, 3 substantial-risk, and 4 high-risk.

Figure 8: Portfolio of closed projects by focal area and GEF replenishment period

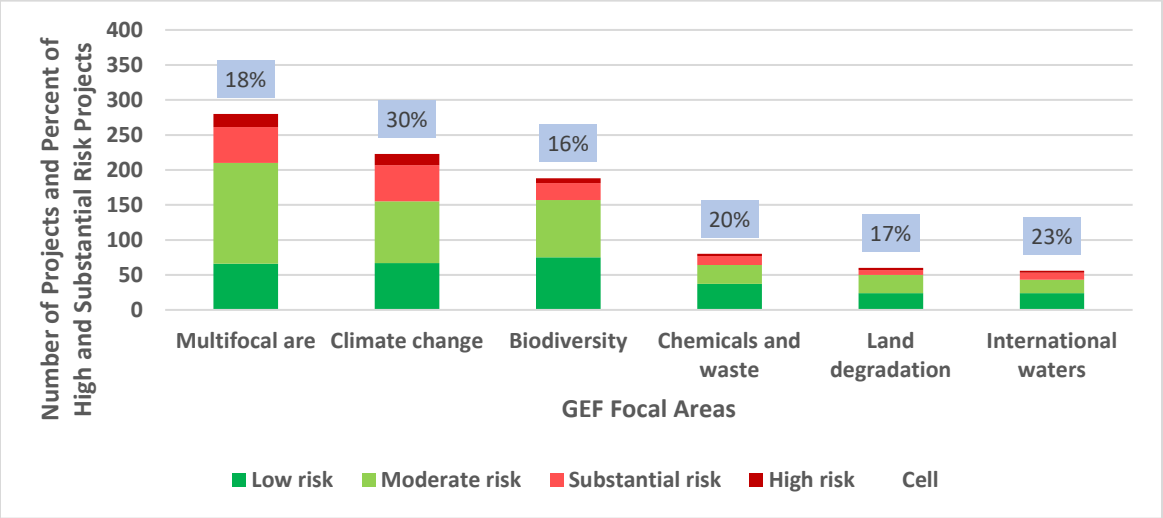
Focal Area	GEF - 5	GEF - 6
Biodiversity	88	7
Chemicals and Waste	39	3
Climate Change	84	6
International Waters	22	8
Land Degradation	29	1
Multi Focal Area	71	8

***Source**: GEF data. Closed projects with at least one reported risk rating and an available validated outcome rating (n = 366).*

57. **The portfolio of high-risk projects reveals a concentration in certain focal areas**. These notably include biodiversity, forest management, and protected areas management. Consequently, project documents often highlight risks such as encroachment on protected areas, wildfires, illegal logging, and cattle ranching, all of which negatively impact project outcomes. High-risk renewable energy projects tend to address issues like fossil fuel subsidies posing a risk to renewable energy projects.

58. **A mapping exercise analyzing risk distribution within the portfolio of closed GEF projects** is presented in figure 9. It illustrates the distribution of risk rating by GEF focal area in closed projects, providing the percentage of high- and substantial-risk projects in relation to the total number of closed projects within each focal area.

Figure 9: Distribution of risk by GEF focal area in closed projects (percentage of projects per risk category)



Source: *GEF data.*

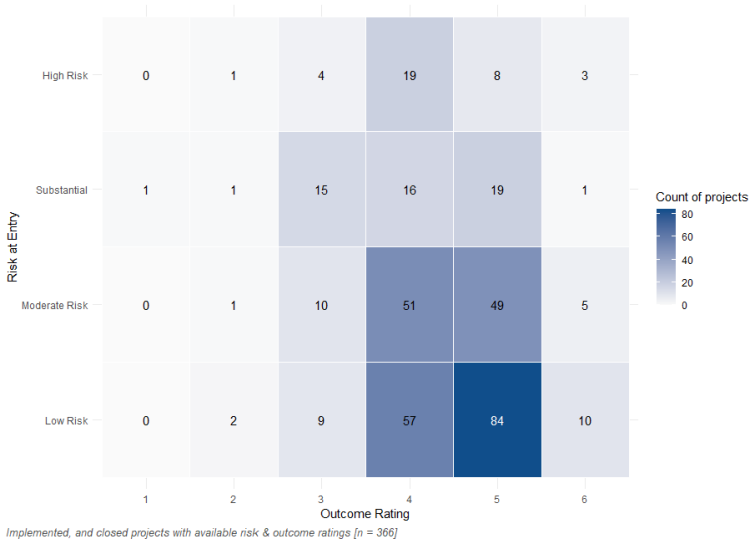
59. **Interestingly, the analysis reveals that the climate change focal area exhibits the highest proportion of risks** in relation to the total number of projects within this area, accounting for 30 percent. This finding is consistent with the fact that innovative energy projects are included in this focal area, which are often characterized as high-risk but also high-reward endeavors. Following climate change, the international waters focal area shows the next highest proportion of risks at 23 percent, followed by chemicals and waste (20 percent), multifocal area (18 percent), land degradation (17 percent), and biodiversity (16 percent) in descending order.

Relationship between risk and outcomes

60. A heatmap for the portfolio of 366 closed projects with both risk and outcome ratings shows the distribution of early risk[48] and outcome ratings (see figure 10 below). **The largest concentration of projects centers around low-risk projects with satisfactory outcomes.** While there are high-risk projects with at least marginally satisfactory outcomes, they constitute a small portion of the portfolio. Looking at the heatmap by GEF replenishment period, there is no statistically significant difference in the distribution of risk and outcome ratings.[49]

[48] Early risk means the first available PIR risk rating during project implementation.
[49] IEO regression analysis for risk and outcome ratings available upon request.

Figure 10: Heatmap of risk and outcome ratings (n=366)



Source: GEF early risk data.

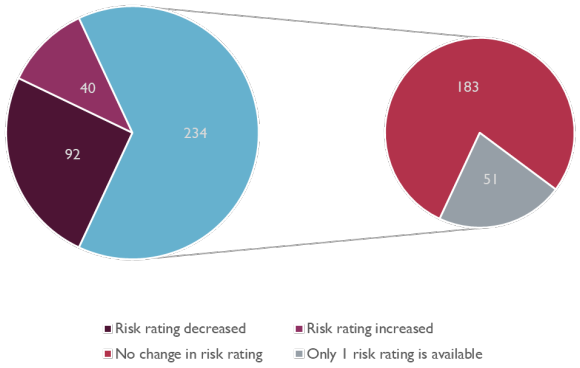
61. **In general, on average, we observe a significant negative correlation between risk and outcome ratings in closed projects.** Among the portfolio of closed projects for which both risk and outcome ratings are available, we found a negative correlation between risk and outcome ratings.[50]

62. **The majority of GEF projects in the portfolio did not experience changes in risk ratings**. Based on data from the GEF database, the majority of closed and implemented projects (58 percent) did not undergo any change in risk rating (refer to figure 11). Those projects were frequently low-risk projects and tended to have an outcome in the satisfactory range, suggesting that either these projects involved a lesser degree of uncertainty or project managers had become adept in accurately assessing risks and effectively overseeing such projects to success. The average outcome rating for projects that experienced no change in their risk rating is 4.44, and a change in risk rating is associated with approximately 0.20-point decrease in outcome rating on average.[51]

[50] Pearson's Chi-squared test was performed to evaluate the association between risk and binary outcome ratings. Given the p-value is less than the typical significance level of 0.05, we have evidence to reject the null hypothesis of independence. Therefore, we conclude that there is a statistically significant association between the two variables. The results hold both when we use binary and four-point risk ratings. Therefore, we conclude that there is a statistically significant association between the two variables. The results hold both when we use binary (i.e., grouping of low- and medium-risk projects in one group, and substantial and high-risk projects in a second group) and traditional four-point risk ratings. IEO regression analysis available upon request.

[51] The average outcome rating for projects that experienced a decrease in risk rating is 4.25. Meanwhile, projects that experienced an increase in risk rating have an average outcome rating of 4.22. Note that the outcome rating ranges from 1 (highly unsatisfactory) to 6 (highly satisfactory). Outcome ratings of 4 and above are considered in the satisfactory range.

Figure 11: Most closed and implemented projects have not experienced a change in risk rating



***Source**: GEF data, [n = 366].*

63. **A decrease in risk rating correlates with higher outcome ratings**. When specifically analyzing projects that underwent a change in risk rating, a decrease in risk rating correlates with higher outcome ratings despite these projects being more inclined to have had a high earliest risk rating. Conversely, projects that encountered an increase in risk rating are less likely to achieve a satisfactory outcome, even though their earliest risk rating tends to be lower on average. Indeed, logistic regressions suggest that when we control for the earliest risk rating, projects that experienced an increase in risk rating tend to have a lower outcome rating. This shows the importance of risk management practices that are able to achieve results even in the face of adversity. The IEO's evaluation on fragility elaborated on adaptive management practices in challenging contexts.[52]

64. **Projects involving the private sector tend to perform better, especially among the high-risk group of projects**.[53] A high-risk private sector project in Brazil managed to yield significant results while facing high risks. The GEF-6 project "Taking Deforestation Out of the Soy Supply Chain" in Brazil (GEF ID 9617) began with a substantial risk rating. However, as the project progressed, risk ratings escalated to "high," primarily due to a change in government stance towards deforestation and the onset of the COVID-19 pandemic. Nevertheless, the project adopted a value chain approach in collaboration with the world's largest soy producer, aiming to mitigate threats to biodiversity in the Matopiba, South America's second-largest biome. Through the implementation of environmentally friendly agricultural practices with

[52] GEF IEO. Evaluation of GEF Support in Fragile and Conflict-Affected Situations. GEF/E/C.59/01 November 11, 2020.
[53] This evaluation defines projects involving the private sector the following way: They include any of the following criteria: (1) Projects involving at least one private sector co-financier; or (2) Projects involving at least one private sector executor; or (3) Projects with a private sector flag according to the data on the GEF Portal.
The first two criteria follow the methodology used in the Evaluation of GEF's Engagement with the Private Sector (GEF/ME/C.52/Inf.04) from 2017. The third criterion was added to incorporate a new source of data that became available after the 2017 evaluation and takes into account the tagging system used by the GEF (which is also related to Recommendation 5 of the 2017 evaluation regarding private sector tagging for systematic retrieval).

reduced carbon emissions, the project not only addressed environmental concerns but also bolstered farm productivity. Due to implementation challenges and COVID-19, the project received a moderately satisfactory outcome rating.

Rewards in high-risk projects

65. The IEO team conducted qualitative analysis and identified rewards to high risk taking, in terms of qualitative assessment, outcome ratings as a proxy for global environmental benefits, and results from remote sensing technology. It assessed the universe of 24 completed high-risk projects in the portfolio.

66. **Renewable energy projects entail both risks and rewards.** Among the high-risk projects financed, there were eight that focused on renewable energy sources and aimed to level the playing field within the renewable energy sector by addressing regulatory issues, promoting energy efficiency, and reducing fuel subsidies. Of these projects, three received a rating of highly satisfactory, indicating clear benefits. Additionally, two projects were rated moderately satisfactory, while two were deemed moderately unsatisfactory, and one unsatisfactory (refer to box 4).

Box 4: Examples of high-risk, high-reward projects in the energy sector

The GEF-5 project ***Renewable Energy for Rural Livelihood*** (GEF ID 4345) in Nepal financed community-managed and owned off-grid renewable energy sources. Main risk factors involved natural disasters and the unexpected arrival of the main grid. The project was developed under a public-private partnership model, with financial contributions from the government, commercial banks, municipalities, and beneficiary communities. The project supported the upscaling of renewable energy technologies, including mini hydro and large solar PV systems. This project received a highly satisfactory outcome rating.

The GEF-5 project ***Promoting Access to Clean Energy Services in Saint Vincent and the Grenadines*** (GEF ID 5297) financed initiatives including hosting a dialogue on renewable energy, drafting policies, and implementing a pilot project. The main risk factors included low government capacity and sustained levels of fossil fuel subsidies. This intervention significantly heightened awareness about renewable energy in St. Vincent and the Grenadines and was also rated highly satisfactory.

Another highly satisfactory GEF-6 project in Morocco, the ***Renewable Energy for the City of Marrakech's Bus Rapid Transit System*** project (GEF ID 9567) financed the development of a solar park and the implementation of a Bus Rapid Transit (BRT) system in Marrakech. In this case, the main risk factors consisted in financial risks and the high debt levels of Marrakech city.

67. **Not all high-risk projects in the renewable energy sector achieved success**. For instance, the GEF-5 project Transforming the Market for Urban Energy Efficiency in Moldova by Introducing Energy Service Companies (GEF ID 5157) aimed to tackle legal, institutional, and financial barriers to promoting energy efficiency improvements in buildings within the city of Chisinau, Moldova. However, the project faced challenges when the city became embroiled in a corruption scandal. Consequently, private sector participants grew hesitant to invest in energy efficiency initiatives, resulting in a moderately unsatisfactory outcome rating.

68. **Other energy projects faced challenges as well**. Similarly, the GEF-5 project De-risking Renewable Energy Nationally Appropriate Mitigation Action (NAMA) for the Nigerian Power Sector (GEF ID 5345) was designed to develop a NAMA for the Nigerian power sector. Its objective was to catalyze increased private investments, enabling the NAMA to generate national benefits such as green growth, energy security, and job creation on a significant scale. While the fragile context did not hamper implementation, challenges arose as fossil fuel energy remained less expensive than renewable energies, and efforts to level the playing field by reducing fuel subsidies and promoting private sector engagement encountered difficulties. These challenges ultimately led to moderately unsatisfactory outcomes.

69. These findings align with the statistical analysis conducted across the entire portfolio, where high-risk projects exhibit a broader range and lower average outcomes. Technological innovations, such as renewable energy in this instance, often yielded highly satisfactory outcomes. Nonetheless, they also encountered challenges, with some projects failing to deliver expected results within the anticipated time frame.

70. High-risk projects in the green energy sector clearly demonstrate potential rewards, even though not all projects may succeed. It will be important to assess the value of investing in renewable projects, considering the significant likelihood of achieving highly satisfactory outcomes, while also acknowledging the inherent risk of failure.

Risks and rewards in protected area projects

71. **The IEO also evaluated the risk and rewards in protected area projects**. Among the eight high-risk projects in the sustainable forest management and protected areas sector, two received satisfactory ratings, while five were rated moderately satisfactory. One project fell below expectations, receiving a moderately unsatisfactory rating. Interestingly, project locations in fragile contexts, such as Armenia, the Democratic Republic of the Congo, Myanmar, and Eswatini did not directly impact project results (see box 5).

Box 5: Examples of high-risk, high-reward projects in the protected areas sector

The GEF-5 project ***Improving Management Effectiveness of the Protected Area Network*** (GEF ID 4841) in Uruguay engaged private sector producers, academia, and NGOs in a collaborative effort centered on protected areas and landscape initiatives. Risk factors included invasive species, wildfires and drought, a lack of interagency coordination, and limited commitment among policy makers. Despite these challenges, the project has demonstrated success across various fronts, including the introduction of tax incentives for conservation, enhancement of infrastructure for protected areas, and establishment of connectivity corridors between different protected areas. Additionally, the project has made significant strides in promoting inter-institutional coordination with other ministries and agencies, thereby fostering policy coherence surrounding protected areas. The project received a satisfactory outcome rating.

The GEF-6 ***Improved Forested Landscape Management Project*** (GEF ID 9760) in the Democratic Republic of the Congo (DRC) financed afforestation, forest management, and forest set-aside initiatives. Risk factors included low levels of institutional capacity, cash flow constraints, and COVID-19. The project also introduced a payment for ecosystem services mechanism and provided clean stoves and road repairs to communities residing in buffer zones. Despite operating in a fragile context, the project achieved satisfactory results.

72. Both the projects in Uruguay and the Democratic Republic of the Congo (DRC), which received satisfactory ratings and demonstrated significant benefits in forest preservation, can be contrasted with a similar project in Eswatini, where results were rated moderately unsatisfactory.

73. The GEF-6 project Strengthening the National Protected Areas System of Eswatini (GEF ID 5065) encountered challenges in investing in improved lodging for tourists on communal lands. Additionally, efforts to establish corridors linking four protected areas proved to be difficult to implement. Moreover, restoring biodiversity, including native fauna and flora, on communal lands incurred costs that communities couldn't and wouldn't afford, as they relied on communal land for grazing their animals, which was essential for their survival. Risk factors included the global economic and financial down-turn negatively affecting tourist numbers, limited capacity and technical support, COVID-19, natural disasters, and encroachment on the protected areas.

74. Despite not achieving satisfactory outcomes across all aspects, the project financing in Eswatini played a crucial role in supplementing wildlife populations with greater genetic diversity, and in some instances, fostering larger populations of species within protected areas. Furthermore, women benefited from beekeeping activities around wetlands, supported by project funds, which also contributed to biodiversity conservation efforts. Projects like the one in Eswatini highlight that while some projects may fall short of achieving satisfactory outcomes, their contribution to global environmental benefits can still be substantial. Subsequent examples in the next section will provide further elaboration on this concept.

75. Another high-risk protected area project below demonstrates how long-term GEF engagement with Uruguay yielded forest and biodiversity protection, verified through remote sensing (see box 6).

Box 6: Achieving Global Environmental Benefits in high-risk protected area projects in Uruguay

The GEF has a long history with engaging with Uruguay on a protected areas system. The GEF has been instrumental in working with the Government of Uruguay and UNDP to create the legal basis for Uruguay's National System of Protected Areas (SNAP) since 2000.[54] Today, the SNAP has 16 protected areas, of which 6 have entered in the last decade.

Uruguay has received GEF funding for protected area and biodiversity conservation since 2001, with projects implemented by the Food and Agriculture Organization of the United Nations (FAO), UNDP, and the World Bank. Between 2014 and 2018, UNDP implemented the project Strengthening the Effectiveness of the National Protected Area System by Including a Landscape Approach to Management (GEF ID 4841) in the amount of $1.6 million in GEF grant financing and $8.9 million in co-financing. This high-risk turn-around project was deemed satisfactory at closing and helped conserve forest and biodiversity in the protected area, thus achieving global environmental benefits.

Risk ratings evolved over the project phase from moderate to high. During the appraisal phase, the project was assessed as having a moderate level of risk, with critical risk categories including political support and institutional capacity to enforce environmental regulations and spatial plans. However, starting from 2016, the project's risk rating escalated to high, primarily due to difficulties in ensuring the financial sustainability of the national park system. Planned mechanisms aimed at achieving this sustainability, such as tax exemptions for owners of rural properties within protected areas as outlined in the National Budget Law 2016–2020, were unsuccessful. Additionally, the proposal for a National Protected Areas Fund faced challenges.[55]

Challenges arose due to a change in government and political processes, proving to be more time-consuming and complex than anticipated. However, the project team implemented adaptive management practices, collaborating with experts from UNDP and the GEF who traveled to the project site to address emerging issues, particularly regarding the tax exemption incentive for conserving primary forests and the establishment of the National Protected Areas Fund.

Through proactive adaptive management and ongoing monitoring and evaluation, the issue surrounding the fund was resolved by redirecting proceeds to be managed by local protected area managers, instead of the central SNAP level, thereby enhancing the financial sustainability of Uruguay's protected areas system.[56] Twenty years ago, financing for SNAP relied heavily on international cooperation resources, accounting for 80 percent of its funding. However, by 2018, only 6 percent of SNAP's resources depended on international cooperation, with the vast majority financed by Uruguay's own resources.

[54] The Decree 50/2005 established the SNAP and in 2008 the first two PAs were included in the system.

[55] The proposal to the National Budget Law for amending the law NÂ° 17.234, to enable the MVOTMA to delegate the Fund to a third party was rejected. (Terminal Evaluation. GEF ID 4841).

[56] Lack of flexibility of the Protected Area Fund prevents its use as a flexible mechanism to recover the self- generated revenues at the protected area level. In consequence, and as a temporary measurement, SNAP has decided that self-generated resources will not be integrated into the Fund, but self-managed by each protected area. Seeking a more institutional solution to this problem, the SNAP Division developed and presented to MVOTMA authorities a set of amendments to the law 17.234, including the amendment of the Fund for the Protected Areas article, by eliminating the restriction that designated MVOTMA as the only and unique administrator of the Fund. This and other proposals were accepted by the authorities of the MVOTMA and incorporated in the Annual Report of Accountability for Parliamentary approval (now under Parliamentary revision). (Terminal Evaluation. GEF ID 4841).

The project enhanced land management processes, allocated resources for infrastructure in protected areas, engaged with productive sectors, and established corridors to enhance connectivity between different protected areas. Additionally, it successfully promoted inter-institutional coordination among various ministries and agencies, and involved the private sector and local communities in decision-making processes.

In Uruguay, the national park system is relatively nascent, and the majority of land is privately owned. Consequently, there are considerable levels of human activity and anthropogenic disturbance within protected area boundaries, particularly as most protected areas fall under International Union for the Conservation of Nature (IUCN) Category V. Given these circumstances, the project's accomplishments in preserving forests, landscapes, and biodiversity are even more noteworthy.

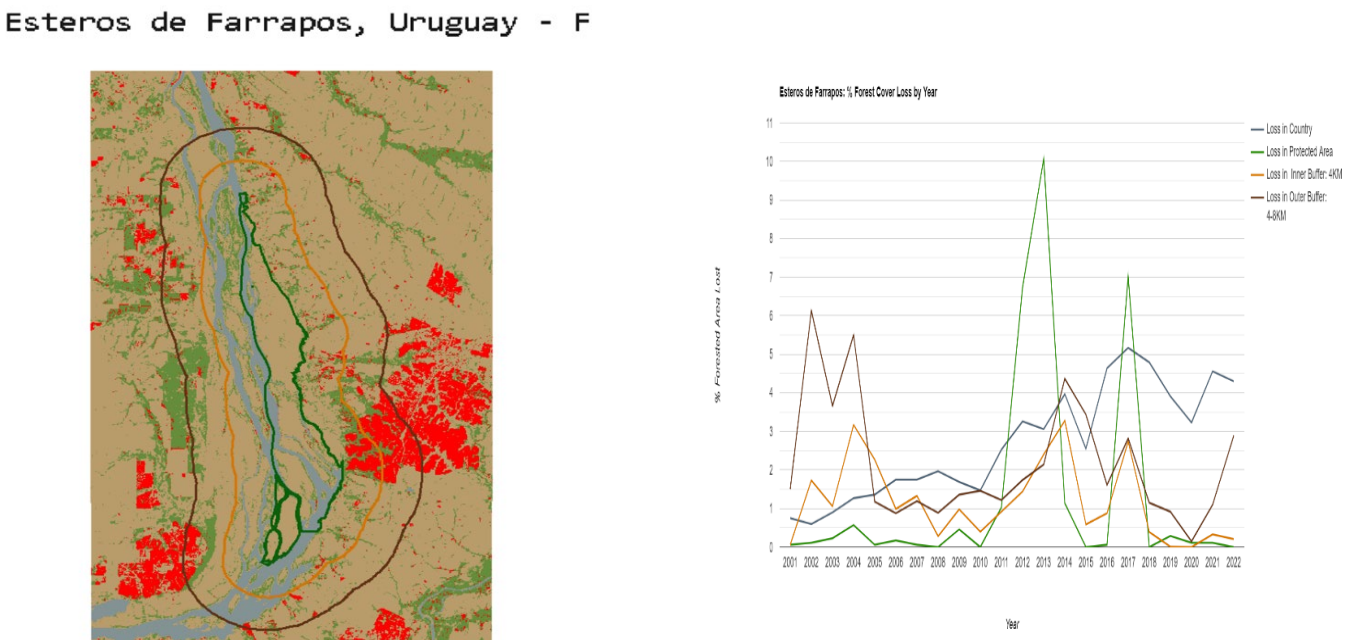
Uruguay's Esteros de Farrapos National Park forms a buffer against deforestation. Figure 10 below illustrates how the Esteros de Farrapos National Park, located along the border with Argentina, serves as a buffer against deforestation, albeit with some exceptions. Remote sensing analysis reveals minimal forest loss in most years within the park boundary, depicted by the flat green line. However, notable exceptions occurred in 2013 and 2017.

The park provides long-lasting forest and biodiversity conservation benefits. The findings depicted in figure 10 underscore the sustained efforts to safeguard the resources of Esteros de Farrapos National Park, extending beyond the project's duration. This positive trend within the park stands in stark contrast to the significant increase in forest loss observed outside the park boundaries, likely driven by productive agricultural activities.

Other parks in Uruguay demonstrate even stronger protection benefits. Another notable example is the Quebrada de los Cuervos y Sierras del Yerbal, designated as a protected area since 2008, which has experienced minimal deforestation over the years.[57] Remote sensing analysis reveals an increase in forest cover loss within both the inner and outer buffer zones of the protected area, reaching peaks in 2018 and 2022. Here as well, the loss is likely attributable to agricultural activities. However, despite these challenges, the protected area continues to serve as an effective buffer against deforestation. This underscores the forest and biodiversity conservation benefits resulting from the GEF intervention in Uruguay over the years.

[57] Supporting IEO data for Quebrada de los Cuervos y Sierras del Yerbal available upon request.

Figure 12: Forest loss in Quebrada Protected Area, Uruguay, 2022



***Source**: GEF IEO, based on UMD GLAD Dataset.*
***Note**: Deforested areas are visible in red color around the national park, and adjacent 4 km and 4-8 km buffers.*

Risks and outcomes in complex country environments

76. Following an analysis of the correlation between risks and outcomes across the entirety of the GEF portfolio's closed projects, this evaluation sought to delve into projects concluded within inherently high-risk environments, specifically focusing on fragile and conflict-affected states (FCS) as well as countries with low capacity. The hypothesis posited is that projects situated within FCS nations would exhibit heightened risks and diminished outcomes compared to projects in non-FCS countries. Similarly, we anticipate that projects in low-capacity countries would manifest increased risks and reduced outcomes.

Risk and fragility

77. **The IEO corroborated the anticipation of heightened risks translating into diminished outcomes,** particularly evident when contrasting risk levels between projects in fragile and conflict-affected situations (FCS) and those in non-FCS countries.[58] This negative correlation

[58] IEO regression analysis for FCS countries available upon request.

between risk and outcome ratings persists when employing risk assessments conducted at project endorsement. However, surprisingly, this relationship undergoes a reversal when utilizing risk assessments conducted at project closure. Here we see good outcomes in a high-risk environment.

78. **On average, GEF projects in FCS countries tend to exhibit a significantly higher risk rating at closure.** Using a combination of the Fragile States Index produced by the Fund for Peace and the conflict data from the Uppsala Data Program and the Peace Research Institute Oslo (UCDP/PRIO) Armed Conflict database,[59] 42 countries that have received GEF funding since GEF-5 were categorized as fragile and/or conflict-affected situations.[60]

79. **Among the 530 national projects implemented in non-FCS countries, the average risk rating is 1.68 compared with 1.84 in FCS countries**. Nearly 16 percent of the projects in non-FCS countries are designated with a higher risk rating, indicating a substantial- or high-risk level. In comparison the average risk rating for the 330 national projects undertaken in FCS countries stands slightly higher at 1.84 (2.0 would equal a moderate risk rating). A total of 20 percent of these projects carry a higher risk rating. However, among high-risk projects, those situated in FCS countries exhibit higher outcomes on average.[61] Taking the earlier PIR risk ratings, the negative correlations between outcome and risk, as well as between outcome and FCS classification, remain robust across various regression specifications.[62] As mentioned earlier, adaptive management practices as showcased in the IEO fragility evaluation are able to lead to satisfactory results in a fragile context.[63]

80. **An example from Myanmar serves as an illustration of how projects can achieve success even in challenging conflict-ridden environments.** The GEF-5 project Sustainable Cropland and Forest Management in Priority Agro-ecosystems of Myanmar (GEF ID 5123) initially received a moderate risk rating during appraisal. However, this assessment escalated to a high-risk rating primarily due to the political turmoil in Myanmar and the onset of the COVID-19 pandemic. Despite facing numerous adversities that hindered implementation, including delayed initiation and a complex and inconsistent design with ambitious targets, exacerbated by the challenges posed by COVID-19 and the political crisis, the project succeeded in maintaining a commendable level of execution. As a result, it attained a moderately satisfactory outcome rating. Notably, the project made significant strides in enhancing land tenure security

[59] This draws from the methodology used in the Evaluation of GEF Support in Fragile and Conflict-Affected Situations (GEF/E/C.59/01).

[60] For the analysis of the effect of fragility on GEF projects, each country was assigned to the most commonly occurring classification since 2010. The index has four broad categories of fragility: alert (very fragile), warning (of concern), stable (mostly stable), and sustainable (very stable). This evaluation considers all countries categorized as alert to be fragile. Meanwhile, referring to Harbom and Wallensteen (2008), which defines a major armed conflict as an armed conflict in which there is at least 1,000 battle-related deaths annually, the Evaluation defined conflict-affected situations as those experiencing more than 1,000 annual battle-related deaths at least one year since 2010.

[61] IEO regression analysis for FCS countries available upon request.

[62] IEO regression analysis for FCS countries available upon request.

[63] GEF IEO. Evaluation of GEF Support in Fragile and Conflict-Affected Situations. GEF/E/C.59/01 November 11, 2020.

for local communities by issuing community forestry certificates valid for 30 years and by enhancing community forest management practices.

Risk and state capacity

81. **Examining the GEF's latest risk data, this evaluation finds a significant correlation between state capacity and risk rating**: projects in countries with a higher state capacity index[64] tend to be rated in the lower risk group. This negative correlation is statistically significant, and it can be observed using either the earliest PIR risk ratings or the latest PIR risk rating available for each project. Further, in evaluating the distribution of GEF projects, it is evident that there is a positive correlation between state capacity index with outcomes in recipient countries.[65] This indicates that projects situated in countries with higher levels of state capacity are more likely to yield better outcomes.

82. Notably, this positive relationship between high state capacity and outcomes remains consistent even when comparing projects with similar risk levels. For instance, both Moldova (GEF ID 5355) and Vietnam (GEF ID 4766) have a high CPIA index of 3.8 and have achieved satisfactory outcomes associated with low-risk ratings. Similarly, projects in Burundi (GEF ID 4631) and Liberia (GEF ID 5712), both rated at CPIA 3, have demonstrated satisfactory outcomes, associated with moderate risks.

83. **The implication of these findings is that state capacity plays a crucial role in the successful implementation and completion of projects**. Countries with stronger institutional frameworks, more effective institutions, and better rule of law are better equipped to manage and execute projects, leading to more favorable outcomes. This trend persists irrespective of the initial risk assessments, suggesting that the inherent strengths of high-capacity states can mitigate risks that might otherwise impede project performance. As the GEF supports developing countries and those with economies in transition, this highlights the need for tailored approaches to support projects in countries with lower state capacity, where additional capacity-building measures may be necessary to enhance the prospects for positive outcomes.

V. REVEALED RISK APPETITE AND TOLERANCE IN THE GEF PORTFOLIO

84. **The GEF places a premium on outcomes in projects that carry significant risks**. A simple calculation of averages for the low-risk and higher-risk pools (i.e., bundling the lower half of the risk ratings, and the upper half of the risk ratings) shows that the mean outcome rating for the

[64] Jonathan K. Hanson and Rachel Sigman (2021). "Leviathan's Latent Dimensions: Measuring State Capacity for Comparative Political Research." Journal of Politics, Vol. 83, No 4. doi.org/10.1086/715066.

[65] Within the cohort of GEF recipient countries, there is a notable overrepresentation of projects in countries with higher state capacity indices. On the other hand, countries with lower state-capacity indices are less represented in the GEF project portfolio. This pattern may reflect a preference for engaging with countries that have established systems for effective project implementation and management, over those with weaker institutional structures that may be in greater need of environmental assistance. However, this observation may be explained by how countries with higher state-capacity indices may also have higher GEF funding allocations according to the System for Transparent Allocation of Resources (STAR; IEO regression analysis of state capacity available upon request).

lower-risk pool is 4.45, whereas for the higher-risk pool it is 4.18. This difference is statistically significant. One can infer from this a simple statement, i.e., that despite a lower mean outcome performance, the GEF engages deliberately in projects carrying a substantial or high-risk in pursuit of global environmental benefits. A plausible rationale is then that the GEF places a premium of approximately 0.27 points (4.45-4.18) on the outcome rating scale, on engaging (to a limited extent) in projects that carry significant risks.

85. **High-risk projects also demonstrate greater outcome variance.** One characteristic that is typically associated with higher risk is greater variance. In other words, outcome ratings would be expected to be more spread out, leading both to more successful as well as more unsuccessful projects. This evaluation found that this characteristic indeed holds true for the GEF portfolio. While the high-risk pool is relatively small, the standard deviation of outcome rating for the higher-risk pool is 0.95 whereas the lower-risk pool only has a standard deviation of 0.78. Again, the difference in standard deviations is statistically significant.

86. **The GEF attaches a risk-adjusted premium of about 10 percent to funding higher-risk projects**. This calculation is influenced by two main factors. First, as previously concluded, higher-risk projects are generally associated with lower outcome ratings. Second, these projects exhibit greater variability in outcomes. For a risk-averse organization, this higher variability is a negative factor, akin to the likelihood of achieving lower development outcomes. Drawing from standard finance concepts, the risk-adjusted premium accounts for the differences in standard deviations 0.17) plus the difference in means (0.27). Consequently, on a risk-adjusted basis, higher-risk GEF projects carry a premium of approximately 0.44 outcome rating points. Given that the GEF could choose to engage only in lower-risk projects, we can utilize the mean outcomes of the low-risk pool to determine the risk-appetite-ratio (0.44/4.45). This approach suggests that the GEF has an implicit risk appetite of approximately 10 percent for accepting lower outcome ratings and a wider spread.

87. **Accepting lower outcomes for high risks may seem counterintuitive compared with the typical understanding of "high-risk, high-reward."** However, there are qualitative and resource allocation reasons for funding projects that are intentionally part of the higher-risk pool. Implicitly, the GEF values these qualitative reasons, which include working deliberately in higher-risk countries and achieving specific global environmental benefits that may not be fully reflected in outcome ratings. Ideally, risk taking would be measured against global environmental benefits directly, rather than outcome ratings, as outcome ratings are proxies for the broader environmental impact the GEF aims to achieve.

Predicting risk-related changes in outcome

88. **Going forward, the GEF has indicated a willingness to take on additional risk**. According to the 2024 GEF risk appetite paper,[66] the GEF is willing to take on substantially more risk by setting its risk appetite as high for innovation, as substantial for context, and as moderate for execution. The obvious question is how to assess the potential impact of

[66] GEF. 2024. GEF Risk Appetite. GEF/C.66/13 January 4, 2024.

additional risk taking. It should be noted that such projections are based on historical evidence and are limited by the imperfections in agencies risk-ratings, determination of outcome ratings, and the possible gap between outcome ratings and the achievement of global environmental benefits.

89. **The GEF has started tracking detailed risk ratings for projects in GEF-8**. These detailed risk ratings are recorded for 11 separate categories: Climate, Environment and Social, Fiduciary, Financial, Institutional Capacity, Macroeconomic, Political and Governance, Stakeholder Engagement, Strategies and Policies, Technical Design, and Other. In addition, each project also reports an Overall risk rating. Each of these risk ratings are scored on a four-point scale: Low, Moderate, Substantial, and High. The GEF Risk Appetite report mentions two separate financial ratings: "Financial Management and Procurement" and "Financial Risks for NGI Projects." Since GEF-7, a new category of Financial Risks supersedes Financial Risks for NGI projects.

90. **The GEF Risk Appetite Statement sets summary expectations about preferences for three risk dimensions**: context, innovation, and execution. Each dimension consists of three component risk categories (see Table 1). The Risk Appetite paper was approved three months ago, at the February 2024 Council. Since that time, the data collected are aligned with the dimensions of the Risk Appetite document. A new key risks section is now in place in GEF-8 templates, which is aligned with the GEF risk appetite framework. It replaces the risk table used in the earlier part of GEF-8. This evaluation relies to a large extent on collected risk data from earlier years (GEF-5 to GEF-7).

91. **Looking at projects at entry, the average risk rating for each dimension is much lower than the risk appetite statement aspires to achieve**. The gap between actual risk rating among projects at entry and risk appetite is especially pronounced for the innovation risk dimension. While the risk appetite is high, the average risk rating among projects at entry is close to low (refer to table 4).

Table 4: Comparing average risk ratings with the GEF's risk appetite

Dimension	Categories Included	Average risk rating	Risk appetite
Context	1. Climate 2. Environment & Social 3. Political & Governance	1.89	Substantial (3.0)
Innovation	1. Strategies & Policies 2. Technical Design 3. Finance	1.30	High (4.0)
Execution	1. Institutional Capacity 2. Fiduciary 3. Stakeholder Engagement	1.57	Moderate (2.0)

***Source**: GEF data; n = 131 GEF-8 projects, submitted for GEFSEC's review.*

92. Moreover, the correlation between the overall risk rating and the ratings for the different risk categories is not obvious (refer to table 5).

Table 5: Correlations in risk ratings

Average Overall risk rating as reported	1.84
Average of the risk ratings for 3 risk dimensions (Context, Innovation, Execution)	1.60
Average of the risk ratings for all 11 risk categories	1.64

***Source**: IEO analysis*.

93. To explore the correlations between various dimensions of risk ratings and the overall risk assessment, a regression analysis was conducted. While there is no statistically significant correlation between innovation risk and the overall risk rating, there is a positive and statistically significant correlation both between the context risk and the overall risk as well as between the execution risk and the overall risk.

94. This evaluation forecasts the average overall rating under the assumption that the GEF Portfolio aligns with the stipulated risk appetite, with context risk rated as substantial, innovation risk as high, and execution risk as moderate. According to a linear regression model, if the GEF were to use the risk appetite values for the three risk dimensions, then the average overall risk is projected to slightly exceed the substantial level, reaching 3.02.

95. Subsequently, this evaluation predicts how the potential risk in outcome may change the average outcome rating among GEF projects. By leveraging different statistical models to assess the correlation between outcome rating and risk rating at entry among completed projects since GEF-5[67], this evaluation predicts how the outcome rating could change, on average, when the average risk rating at entry increases. The table below summarizes the findings of these prediction analyses. A 60 percent increase in risk rating from 1.89 (the average risk rating at entry among completed projects) to 3.02 (the predicted risk rating when risk appetite statement is met) is predicted to lower outcome ratings by 4 to 9 percent, under the strong assumption that project characteristics remain the same on average and no additional risk management strategy is pursued. Despite the decline, the average outcome rating will remain at or above the moderately satisfactory level. The overall effect would be about a 6-percentage point decline in the percentage of projects with outcomes in the satisfactory range (see table 6).

[67] Linear regression, ordered logistic regression, and multinomial logistic regression to predict the average six-point outcome rating. Logit and probit logistic regressions to predict the average binary outcome rating. IEO regression analysis for predicting risk-related changes in outcome is available upon request.

Table 6: Predicting risk-related changes in outcome

	Baseline	Average risk rating increases to match risk appetite statement
	(Calculated values)[68]	*(Predicted values)*
Risk rating at entry	1.89	3.02[69]
Average outcome rating (six-points)	4.40	4 to 4.21[70]
Percentage of projects with an outcome rating in the satisfactory range	88%	81.7% to 82%[71]

***Source**: IEO analysis*.

96. **An important caveat is that the analyses are based on the current portfolio of completed projects.** Historically, there is a negative correlation between the duration of project implementation and outcome ratings; in other words, the pool of available projects with risk and outcome ratings used is biased toward those projects that close earlier and have better outcome ratings than those for the entire cohort funded under successive GEF replenishment periods. As a result, the baseline outcome rating of 4.40 and the high share of projects with an outcome rating in the satisfactory range (88 percent) may represent a higher-than-average performance among all projects funded under GEF-5 and subsequent replenishment periods.

Risk factors

97. The IEO team conducted qualitative analysis to better understand what rewards were associated with high risks. This involved assessing risk factors by reviewing projects categorized as high-risk in the GEF Portal database, based on their latest PIR ratings.

98. **Both high-risk and low-risk projects operate in FCS countries**. One might assume that high-risk projects would predominantly be situated in fragile contexts. However, it is noteworthy that both high-risk and low-risk projects operated within such environments. Completed high-risk projects in fragile contexts encompassed Ukraine, Myanmar, Armenia, the Democratic Republic of the Congo (DRC), Haiti, and Bosnia and Herzegovina. Similarly,

[68] The figures are calculated based on reported risk and outcome ratings of 366 implemented and financially closed GEF Trust Fund projects since GEF-5.

[69] The predicted risk rating is determined through a linear regression model, which examines the correlations between the overall risk rating and the risk ratings associated with the context, innovation, and execution dimensions. Subsequently, this fitted model is utilized to forecast the potential change in overall risk under the assumption that the context risk was deemed substantial, innovation risk was assessed as high, and execution risk was evaluated as moderate, consistent with the Risk Appetite Statement.

[70] The predicted outcome rating ranges from 4 (according to a multinomial and an ordered logistic regression models) to 4.21 (according to a linear regression model). Outcome rating is scored on a range from 1 (Moderately Unsatisfactory) to 6 (Highly Satisfactory). The score of 4 corresponds to a "Moderately Satisfactory" outcome rating.

[71] The predicted share of projects with an outcome rating in the satisfactory range (i.e., 4 or above) ranges from 81.7 percent (according to a probit model) and 82 percent (according to a logit model).

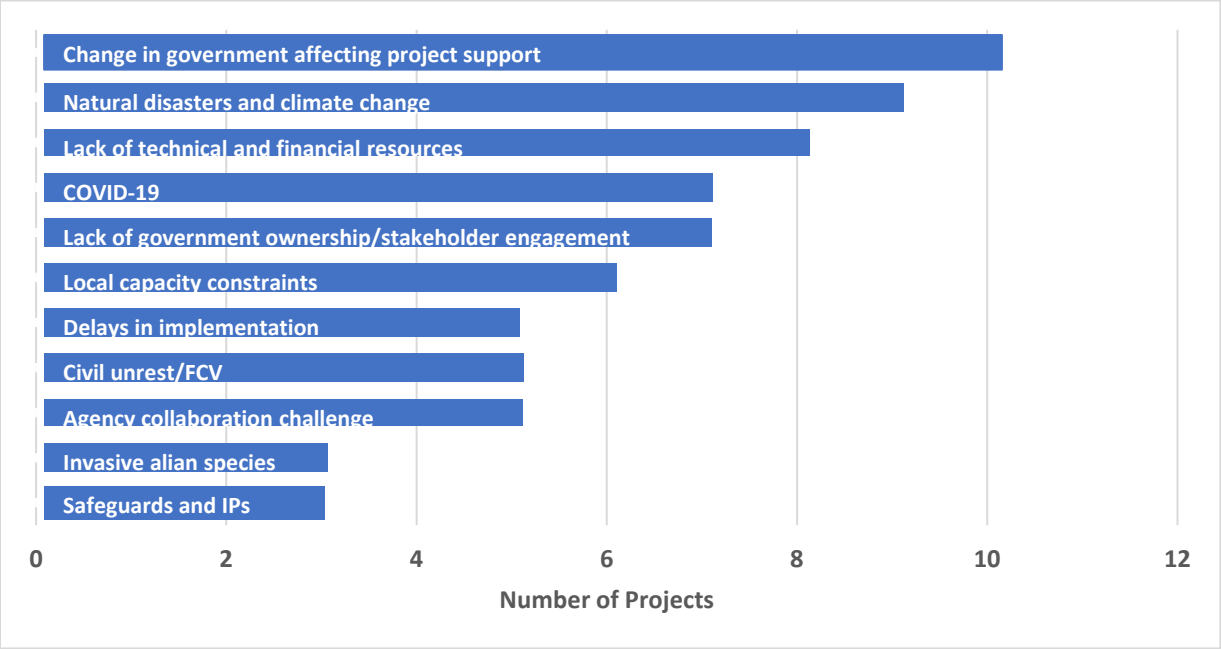
completed low-risk projects operated in Burkina Faso, Afghanistan, Ukraine, Ethiopia, Nigeria, and Mali.

99. **The IEO identified a number of risk factors in high-risk projects**. The evaluation team analyzed the full universe of 24 high-risk projects focusing on the development of the annual risk ratings in the PIRs for each project and compared the risks at CEO endorsement and the terminal evaluation stage. The team identified the following risk factors.

100. **Two types of risk factors have emerged as significant**: external risk factors that are beyond the control of project managers and internal risk factors over which project managers have some influence. Among the highest risk factors are external risks. These include changes in government affecting the project, natural disasters, and climate change. COVID-19 has also been a frequent risk, leading to delays in project implementation (refer to figure 11 below).

101. **Institutional capacity-related issues emerged as the highest internal risk factors**. The most significant internal risk factors were associated with institutional capacity, encompassing deficiencies in technical or financial resources, insufficient government ownership, and limitations in local capacity. This observation aligns with earlier findings from the World Bank case study, wherein institutional capacity emerged as the primary risk factors.[72]

Figure 13: Risk factors in closed high-risk projects (GEF-5 to GEF-7)



***Source**: IEO analysis*.

[72] The results of Hausman test (chi-square statistic = 2.58, p=0.86) suggested that a random-effects model can be used; however, in case of unknown correlations between unobserved effects and independent variables, the current panel regression analysis employed both the fixed-effects (FE) model and the random-effects (RE) model. WB and UNDP IEO case studies are available upon request. presented the results of panel regression analysis.

102. **The GEF's detailed risk ratings quantitatively confirm institutional capacity as an important risk factor**. Since 2022, the GEF has had a monitoring system in place that tracks three detailed risk categories under each of the three risk dimensions, along with a "other" category and an overall risk category. This risk tracking system will inform future risk taking and required mitigation measures going forward. Analyzing the GEF's detailed risk data, institutional capacity emerged as a significant predictor of outcome. The analysis of risk at PIF/CEO Endorsement in table 6 below suggests that implementing agencies, such as the World Bank and Conservation International, identify institutional capacity as their most important type of risk. Furthermore, considering how we define institutional capacity ("encompassing deficiencies in technical or financial resources, insufficient government ownership, and limitations in local capacity"), the fact that some agencies (ADB, UNDP, UNEP, World Wildlife Fund-US (WWF-US)) rate governance and financial risks as particularly high might serve as relevant pieces of evidence to support the overall finding. All these agencies represent more than half of the portfolio of projects at entry and they also represent different types of GEF agencies (MDBs, UN agencies, and NGOs).

Table 7: Institutional capacity, financial, and climate change emerged as most significant risks

Lead Agency	Risk Type with Highest Risk Rating	Risk Rating	Number of Projects
ADB	Financial	2.00	3
AfDB	Climate	4.00	1
CAF	Climate	2.43	7
CI	Institutional Capacity	2.38	8
DBSA	Climate	1.50	2
EBRD	Macroeconomic	2.00	2
FAO	Climate	2.18	39
Funbio	Other	2.00	3
IDB	Climate	1.67	3
IFAD	Climate	3.00	8

IUCN	Environment and Social	2.29	10
UNDP	Financial	4.00	36
UNEP	Political and Governance	1.90	30
UNIDO	Other	2.00	12
World Bank	Institutional Capacity	2.71	4
WWF-US	Financial	3.00	7

***Source**: GEF detailed risk data from 2022 to 2024.*

103. **Clearly, low in-country capacity was a primary concern for agencies when they reflected on agency risk**. While the implementing agency bears the responsibility for project delivery, the current GEF policy mandates that countries and their ministries execute the project, without the ability to seek support from implementing agencies that bear the risk, unless a direct execution arrangement exception is requested by the Government prior to project implementation. Limited in-country capacity and resulting high risks should therefore trigger careful mitigating measures and continued monitoring.

104. **IEO's interviews with GEF agency representatives revealed a clear need for the GEF to clarify its risk expectations and improving guidelines**. The GEF agencies anticipate clear guidance from the GEF regarding risk appetite and risk tolerance, as well as risk ownership. Discussions underscored that engaging in risk taking carries the potential for non-delivery, resulting in tangible consequences. For example, operating in conflict-affected countries imposes significant costs for security,[73] which the GEF agency must bear to fulfill its oversight function. However, there may be situations where the agency lacks the necessary funding to cover these expenses.

Adaptive measures

105. **The IEO team found quantitative evidence of adaptive risk management in the GEF risk portfolio**. Among the 315 projects that reported multiple risk ratings over their lifecycle, 29 percent demonstrated a decrease in risk ratings, indicating potential proactive risk management practices. Conversely, 13 percent of projects experienced an increase in risk ratings, suggesting that challenges might have arisen during implementation.

106. Below, we present two examples of turnaround projects and how this transformation was reflected in their risk ratings. The first project, located in Kazakhstan, witnessed a decrease

[73] For example, in Yemen, overhead costs for security amount to 18 percent of project cost.

in risk rating and ultimately achieved a satisfactory outcome. Conversely, the second project in Trinidad and Tobago initially underestimated the risks involved, resulting in upward revisions of risk ratings. However, through proactive adaptive management practices, these projects eventually achieved satisfactory results.

107. The project in Kazakhstan addressed chemicals and waste issues. The GEF 5 project "Integration of Persistent Organic Pollutants (POPs) into National Planning and Promoting Sound Healthcare Waste Management in Kazakhstan" (GEF ID 4442) aimed to mitigate the release of unintentionally produced POPs and other globally harmful pollutants into the environment by advocating for sound healthcare waste management practices in Kazakhstan. Additionally, the project sought to support the country in fulfilling its obligations under the Stockholm Convention.

108. Project managers assessed the PIR outcomes for 2015 and 2016 as satisfactory, noting a reduction in risk rating from "high" in 2015 to "low" in 2016. This improvement was primarily attributed to the project team's efficient risk monitoring and adaptive management actions. Despite facing challenges such as a lack of government cooperation in data collection, inadequate analytical equipment at laboratories, and delays in reviewing and approving legislation, the project ultimately achieved a satisfactory rating. By the project's conclusion, the government of Kazakhstan had established a monitoring system for POPs and effectively minimized unintentionally produced POPs through enhancements in healthcare waste treatment and the regulation of mercury management.

109. The projects in Trinidad and Tobago showcases a different turnaround project. During the GEF-5 project Improving Forest and Protected Area Management (GEF ID 4769), executed by the FAO in Trinidad and Tobago, the project's design was influenced by the demand from national and local stakeholders for increased co-management of protected areas. At the design phase, the project adequately identified and documented major risks, including potential shifts in political circumstances.

110. However, the design documents underestimated the risk and impact associated with the incoming government's reluctance to establish a unified agency for all protected areas in the country. This oversight ultimately hindered the project's ability to fully achieve its objectives. Despite initially recognizing these risks, their assessment—deemed low to medium in both cases—proved to be insufficient and failed to anticipate the extensive adaptive management required. Nevertheless, the project ultimately achieved a satisfactory outcome rating through significant adaptive measures.

111. **A recent GEF-8 project in Yemen already demonstrates how the GEF is taking proactive risk management measures in ongoing projects**. For example, a project to prevent an oil spill in the Red Sea (GEF ID 11056)[74] took the high risks associated with the UN-led salvage operation into account by making additional project preparation grant (PPG) resources

[74] "Support the urgent UN-brokered SAFER Salvage Operation to prevent an environmental, humanitarian and economic oil spill disaster in the southern Red Sea (GEF ID 11056).

available to complete the safeguards-related risk analysis and planning for the project, including the oil transfer operation as a whole, during project development. These resources will permit the recruitment of a specialist safeguards team to assess risks and identify mitigation measures. Additionally, continuous risk monitoring and the implementation of mitigation measures will be crucial to steer this operation towards success.

112. **The 2024 IEO evaluation on Learning from Challenges[75] analyzed a broader sample of turnaround projects and reached a significant conclusion**. The study emphasized the crucial role of implementing adaptive management measures to enhance project performance. Of 141 projects evaluated, 38 exhibited successes by actively learning from challenges and adapting during the implementation phase. These successful projects implemented more comprehensive restructuring strategies by thoroughly analyzing and addressing the root causes of performance failure across all types of challenges encountered.

113. **In contrast and according to the same IEO evaluation, the less successful or unimproved projects failed to implement analysis-based adaptive management**. Although adaptive management was utilized in these projects, it was often introduced belatedly, concentrated solely on isolated challenges rather than addressing the comprehensive array of issues encountered.

114. **In the context of this risk evaluation, this implies that proactively addressing and mitigating risks has a positive influence on project outcomes**. Identifying risks from the outset and managing them throughout the implementation process is essential. Therefore, agencies are well-advised to promote adaptive management from the outset. Meanwhile, the GEF is also encouraged to identify risks early and foster adaptive management practices among agencies and countries while monitoring project risks.

VI. KEY FINDINGS AND RECOMMENDATIONS

Risk management

115. **The risk profile of the GEF portfolio has remained largely unchanged**. Between GEF-5 through GEF-7, the risk profile of the GEF portfolio has remained largely unchanged. This is expected to change, given the GEF's 2024 risk appetite statement. In addition, the risk profile of individual agencies for GEF-funded projects is comparable to those for the agencies. However, looking at data from new projects at the CEO approval stage, there is some indication of an up-tick in the risk profile. These data have only recently become available and a comparison to earlier years is not available. Thus, whether a higher risk profile at the CEO approval stage translates into a similar profile during implementation and at the terminal evaluation stage remains to be seen.

116. **Agencies have robust internal risk management systems**. In-depth interviews and document reviews have shown that all agencies have strengthened their internal risk

[75] GEF IEO. 2024. Learning from Challenges in GEF Project. GEF/E/C.66/03 January 8, 2024.

management systems to a significant extent in recent years. There is no comparable risk management mechanism within the GEF. This means that GEF-funded projects are subject to the same agency risk-management reviews, escalation, and management interventions as other agency projects. Setting a risk profile for the GEF will require significant harmonization across all GEF agencies. Agencies repeatedly emphasized the need for clearer guidance and transparency from the GEF Secretariat regarding risk expectations.

117. **The ability of agencies to take on risks and manage them toward successful outcomes varies significantly**. Not all GEF implementing agencies have the capacity to carry similar risks. Furthermore, the internal perception and risk culture is quite different across agencies and often in stark contrast to the risk profile of the agencies' GEF-funded projects. This means that the interpretation of "risk taking" differs significantly across agencies. At the same time, some institutions, particularly MDBs and UNDP, are able to take on more risk and achieve successful outcomes, whereas other agencies largely remain within the low-risk category of projects.

118. **Changing the risk profile of GEF-funded projects requires a shift toward agencies that have the ability to carry more risk.** Separating the GEF-funded projects from each agency's own projects with respect to the risk profile is virtually impossible. As they are subject to the same risk management structure, increasing the risk profile of GEF-funded projects would require a mechanism to work with agencies to take on more of the risks they already have experienced in pursuing and steering toward successful outcomes. At present, all risk is borne by the individual agencies and the implementing country institutions. Based on the interviews conducted, there is significant uncertainty within the agencies about who the carrier of additional risk would be.

Risk – reward tradeoff

119. **Taking on higher risk does not directly translate into higher rewards, although there are projects where high risk taking clearly paid off.** The notion that higher-risk projects translate into higher rewards cannot be substantiated, based on the analysis in this evaluation. While higher-risk projects have a wider range of outcome ratings, on average, they perform more poorly than lower-risk projects. In fact, this evaluation conducted an analysis of different scenarios, each showing a decline, though small, in outcome ratings with changes toward greater risk taking.

120. **Operating in complex country conditions, e.g., FCS countries, does not necessarily lead to lower outcomes.** The analysis has shown that on average, there is a negative correlation between higher-risk projects and outcome ratings. However, a closer look at different country circumstances and changes in risk ratings over time has revealed that projects where risks are recognized during the implementation cycle can lead to higher outcome ratings than projects in non-FCS countries.

121. **Project outcomes are expected to vary as agencies undertake higher risks.** Given the diverse range of outcome ratings in GEF projects, the GEF Secretariat and Council should anticipate some projects delivering the expected higher global environmental benefits, with

green energy initiatives being a prominent example. However, other projects may fall short of achieving the intended results, at least in the short term. Efforts to level the playing field for renewable energy, such as eliminating subsidies and altering policies to support green energy viability, illustrate this point. This process can span several years, and while a GEF project may initially focus on raising awareness, achieving substantial changes in energy policies on the ground typically requires a significantly longer time frame.

122. **Management of risks will ultimately determine outcomes**. Proactive risk management has a significant impact on project outcomes. Although institutional capacity remains a major risk factor, especially alongside climate change, recognizing these risks and managing projects accordingly can lead to the realization of global environmental benefits.

123. **Based on the findings of this evaluation, IEO developed the following two recommendations**:

Recommendation 1

124. The GEF should refine the 2024 risk appetite statement to clarify risk ownership and establish a risk tolerance band.

(1) Clarify risk ownership: Articulate risk ownership within the GEF's implementing mechanism, encompassing implementing, and executing agencies, member countries, the Council, and the GEF itself. Specify the risk ownership of each entity.

(2) Establish a risk tolerance band: Define a clear range of risk tolerance for both the GEF and the Agencies at the portfolio level, clearly recognizing that levels of risk outside this band may still be accepted, but subject to a higher level of management scrutiny and approval.

Recommendation 2

(1) Establish a risk management mechanism to proactively manage risks within the GEF framework. This would include developing guidelines and processes for the GEF Secretariat and implementing Agencies.

(2) Drawing on the experience of other global partnerships like the Green Climate Fund and the Global Fund, the GEF should enhance transparency and efficacy in risk management practices going forward. These may include (1) establishing risk management processes, setting standards, and providing the necessary support to implementing Agencies; (2) monitoring compliance; and (3) ensuring consistent communication of risk appetite from the Council and the GEF Management.

VII. LITERATURE

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VIII. ANNEXES

ANNEX A. – TABLE A.1 COMPARING GEF AGENCY RISK MANAGEMENT PRACTICES

	ADB	CI	EBRD	FAO	IADB	IBRD/WB	UNDP	UNEP	UNIDO
Risk categories	4 broad risk categories	5 overarching categories with 27 sub-categories; E&S risks category A, B, C	Risk appetite for the Bank has 9 categories. Operational and reputational risk is split into 12 sub-categories Applies to project review, OpsCom process, and ongoing monitoring	5 risk categories	17 risk categories	9 risk categories, including overall risk rating	8 risk categories, individual risk ratings with the highest used as overall risk rating	9 categories for projects under implementation	2 main categories with several sub-categories; (risk taxonomy)
Risk log for monitoring	Risk Assessment and Risk Management Plan, RAMP	Risk registry; Internal Audit reviews all of CI's projects every two to three years	Operational Risk issues and incidents are logged in our Oprisk system. We complete risk and control self-assessments per department covering the main operational risk categories, rating for inherent /residual risk and control effectiveness	4 risk categories are rated in the risk log, PIRES and updated when needed, minimum every 6 months. Environmental and Social Risks are captured in the project cycle management tool, FPMIS	The risk monitoring process leads to at least two biannual updates of the Risk Matrix and the Response Action Plan during the PMR cycles of March and September	Systematic Operations Risk-rating Tool, SORT	Quantum for project risks linked with Quantum Plus for program risks; and PIMS+ for Vertical Fund-specific risks) (being integrated with Quantum)	Corporate risk register: Impact, Likelihood and Level of Internal Control	Risk register or ACP system: UNIDO's ERM approach embeds risk into result-oriented decision- making to adjust objectives to the business context and the results it aims to achieve
Risk rating scale	4-point scale: low, medium, substantial, high	4-point scale; high, substantial, medium, low	Capital, Leverage, Liquidity, Credit and Market Risk are assessed on a quantitative basis relative to a set of limits and thresholds. A qualitative 4-point scale (High, Moderate, Low, Very low) is used to assess Model, Climate, Operational and Reputational Risk.	4-point scale: Impact: high, medium high, medium low, low likelihood: low, medium low, medium high, high	4-point scale: high, medium-high, medium-low, and low	4-point scale: low, moderate, substantial, high	4-point scale: low, moderate, substantial, high	4-point scale: low, moderate, substantial, high	4-point scale: low, medium, substantial high (may differ in collaborations with other agencies)
Risk mitigation	Ex-ante risk assessment with mitigation measures	Safeguards and a grievance mechanism;	Part of the OpsCom process and conditions to build into the project	Risk mitigation plan and mitigation	An action plan is being developed for projects with at least high and	Risk mitigation measures at project level	Risk mitigation measures at project and program level;	Risk mitigation measures are being monitored	Risk mitigation options selected; risk ownership assigned to

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		annual risk survey sent to managers to assess reputational risks	to mitigate identified risks i.e. credit	measures at project level	medium-high risk ratings. It includes mitigation measures, assigned resources, and triggers		high risk projects receive enhanced senior management oversight. Nationally implemented project risks are owned, managed, and monitored by Country Office with second layer oversight provided by regional bureaus and headquarters		ensure risks are controlled, managed and escalated appropriately, within a predefined level of risk appetite and authority, respectively
Risk alert / flag, or escalation system is in place to alert higher levels of oversight [76]	Monitoring and escalation set specifically for project and portfolio risks	High risk projects receive additional resources for implementation and training, and they are being audited on an annual basis	High risks are escalated according to value to VP CRO, ExCom and Board	High risks are escalated flagging and escalating risks along the institutional hierarchy up to the core leadership at headquarters	There is a Quality and Risk Review meeting to discuss, among other things, the risk matrix and the response plan. A summary of risks is included in documents that are approved by the Operations Policy Committee and the Board. During execution, high and medium-high risks are flagged in the PMR. There is no	High risk projects are being flagged in the ISR system	A time-bound and performance-based risk alert system and escalation of risks via PIMS+ for Vertical Fund-specific risks	Projects with higher risk scores (at implementation) are flagged for higher level of managerial oversight	A risk escalation process is in place. The strategic planning scope process identifies red flags and/or "black swans" that impact the Organization, a program or a project

[76] The GEF. 2019. Updated Policy on Minimum Fiduciary Standards. GEF/C.57/04/Rev.02 December 19, 2019: "Monitoring reports at the project/activity level are provided to a project/activity manager as well as to an appropriately higher level of managerial oversight within the organization so that mid-course corrections can be made, if necessary. Monitoring reports at the entity/portfolio level are provided to both project/activity managers and to an appropriately higher level of oversight within the organization so that broader portfolio trends are identified, and corresponding policy changes can be considered. […] A process or system, such as a project-at-risk system, is in place to flag when a project has developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problem."

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	ADB	CI	EBRD	FAO	IADB	IBRD/WB	UNDP	UNEP	UNIDO
					formal escalation protocol .				
Risk management framework	Capital adequacy framework, latest version approved in 2023, individual risk policies in place, ERM framework to be finalized in 2024	Applies the COSO risk management guidelines	The framework consists of a set of more than 30 policies and procedures covering among other things the credit approval and review process, credit risk measurement and mitigation, model validation process, management of liquidity risk, etc. The policies and procedures are tied to an overarching Enterprise-wide Risk Management Document.	Corporate risk management framework exists; Risk management policy from 2013, currently being updated	Project Risk Management Framework approved in 2020 (effective since Jan 2021)	ERM framework defined in 2019	ERM framework defined in 2021	UNEP ERM is aligned with UN-Secretariat Enterprise Risk Management and Internal Control	ERM policy from January 2021
Risk ownership	Owned by 1st line of defense	The audit and risk committee sets the tone and expectations for risk management and reports to management and the Board	Risk owned by department Heads, ExCom owns the Risk Appetite Operational risks owned by relevant MDs	FAO Director-General, Core Leadership Team, OSP ERM team	Decentralized organization: Project Team Leader identifies and owns risk at the project preparation stage. The executing agency manages project risks during implementation, under the supervision of the Project Team Leader.	For projects/development outcomes, there is collective ownership on project teams with primary responsibility resting with specific stakeholders depending on the nature of the risk. Safeguard specialists for E&S risks, procurement specialists for procurement risks; Chief Risk Officer at the corporate level	Escalation from UNDP Project Assurance function in each project to Resident Representative to Regional Bureaus and Central Bureaus to Risk Committee	Chief Operations and Risk Management Unit	The Director General establishes the risk governance structure with delegation of authority and a risk-based escalation process; Office of Special Advisor on RM informs Board about risks

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	ADB	CI	EBRD	FAO	IADB	IBRD/WB	UNDP	UNEP	UNIDO
Three lines of defense	ADB has three lines of defense	3 lines of defense with Internal Audit being the 3rd line.	Three lines of defense (strong second line – Risk Management)	FAO's Office of the Inspector General Internal Audit services establishes a 3 lines of defense model in 2016 with functions overseeing risk as the 2nd line of defense	Three lines of defense with a weak 2nd line (Strategic Planning unit & Operational Risk Management unit)	Three lines of defense: Operations[77], OPCS, Internal Audit (GIA); weak 2nd line of defense	Three lines of defense; strong 2nd line of defense (fire wall between project design and implementation)	3rd: Audit and oversight committees (OIOS and Board of Auditors). 2nd: ERM team. 1st: Divisional and MEA Risk focal points	Three lines of defense, with independent assurance as the third line
Risk appetite statement	Protect ADB's AAA rating; ADB increased its risk appetite in September 2023 by introducing reforms to its Capital Adequacy Framework (CAF). Reforms expand the bank's annual new commitments capacity to more than $36 billion—an increase of approximately $10 billion, or about 40% .	In the process of developing a risk appetite statement as an aspirational document	Risk Appetite statement at Bank level for a total of 9 risk types (and for op risk broken into 12 sub-categories)	No risk appetite statement	No risk appetite statement	Risk appetite statement from 2021 set at substantial (and high for FCV countries)	Risk appetite statement from 2021defines risk appetite for 8 risk categories rated by 5-point scale	No plans for a risk appetite statement	Accepts a maximum of risk. Risk appetite statements are developed by management at the department level during the program and budget-planning cycle
Risk-tolerance	Each government's risk appetite will be	Not doing anything is the	The EBRD manages its business to avoid excessive losses and	Low risk tolerance because of a	IDB is rather risk adverse. It delegates	10% risk tolerance[79]	Each of the 8 categories has a	Room for agency interpretation	Margins of risk tolerance exist within the risk

[77] Within operations alone, there are multiple accountabilities. Implementation Status and Results Reports (ISRs), where risks are recorded, are first cleared by practice managers in the Global Practices after which they are sent to the County Management Units in the regions for final approval. Regional Development Effectiveness Units in the regions can also step in to provide quality assurance for high-risk operations if warranted.

[79] The 10% risk tolerance band is for the overall portfolio (vs. Fragile and Conflict-Affected States, FCS). Note the World Bank has exceeded that band several times without taking extraordinary action – which reflects a general tolerance for informed risk-taking in the interest of achieving development outcomes.

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	ADB	CI	EBRD	FAO	IADB	IBRD/WB	UNDP	UNEP	UNIDO
	unique and will vary according to several variables[78].	greatest risk CI faces	depletion of capital in a stressed economic environment. In particular, the EBRD wishes to retain its triple-A rating with a high degree of probability and does not wish to be forced to substantially revise its business plan due to a normal cyclical downturn .	lack of funding for project supervision from external sources	innovation to IDBlab hoping that innovation will over time influence the rest of the portfolio		defined risk tolerance		appetite of UNIDO's management
Capacity assessment tool	Country risk assessment conducted every 2 years; stakeholder analysis conducted for each project	Assessment tool is at the draft stage and will be piloted in FY24	The Bank conducts Annual Bank-wide Stress Tests as one of its key tools to assess its Risk Capacity; Country Policy and Institutional Assessments,(CPIAs) conducted for IDA countries	HACT assessment of Executing Partners (fiduciary) Survey Tool to identify Operational Partner's technical capacity development opportunities Tool to assess the capacity of FAO country offices (under development)	Institutional capacity assessment Platform used to assess capacities of the Executing Agency during the preparation of any SG loan.	Country Policy and Institutional Assessment conducted annually	Tool to assess the capacity of Implementing Partners (i.e. GEF Executing Agencies), corporate tool to assess capacities of country offices, other tools to assess partnerships with private sector, and financial capacities of project partners	Institutional assessments of capacity gaps and priorities of Government institutions	SWOT (strength, weaknesses, opportunities and threats) analyses are carried out to assess the Organization's capabilities
Risk culture	ADB has been cautiously embracing more risk taking recently (see risk appetite statement)	CI considers itself a brave organization, embracing risks while trying to find scientific and technical	Prudent Risk Management practices	Mostly risk averse	Rather risk averse	Risk averse	Risk embracing depending on category of risk; risk awareness through trainings; risk escalation; clear	Risk embracing, work in FCV countries; risk awareness through trainings; risk	The DG sets the tone at the top through good governance, implementation of the ERM policy, and by

[78] Bhatta, Gambhir. 2008. Public sector governance and risks: a proposed methodology to do risk assessments at the program level. Mandaluyong City, Phil.: Asian Development Bank, 2008.

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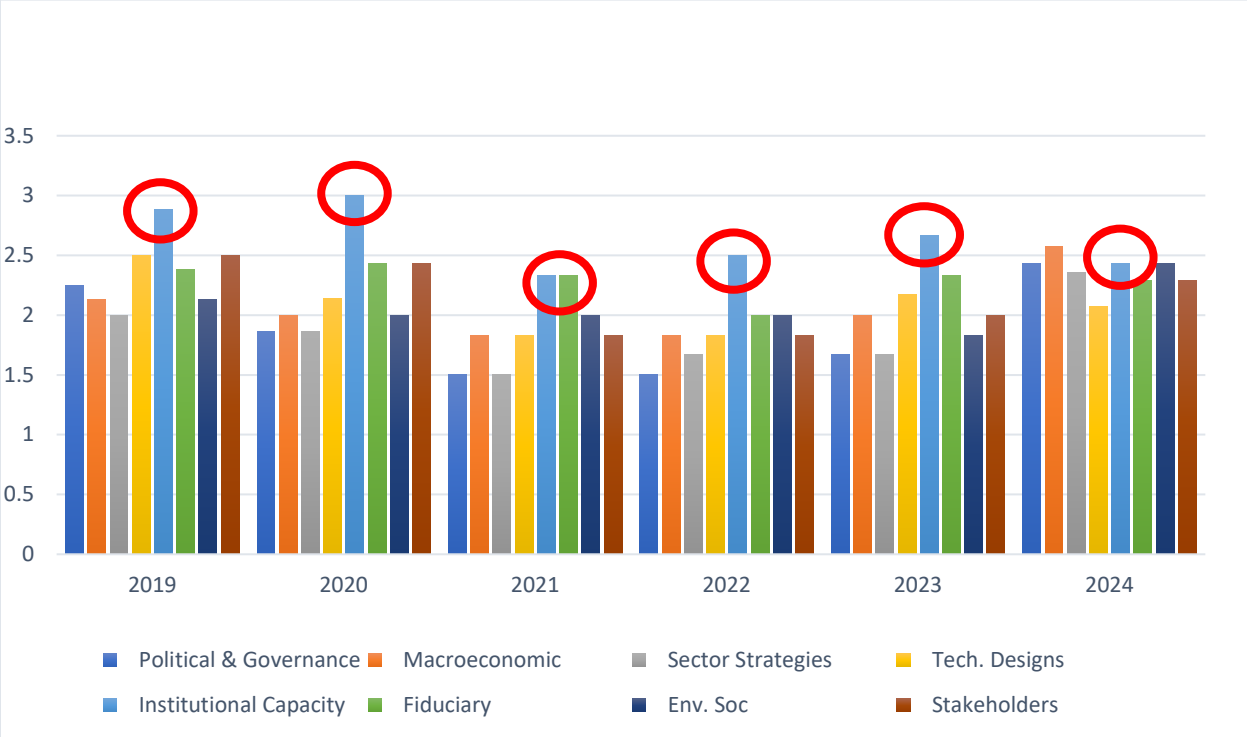
	ADB	CI	EBRD	FAO	IADB	IBRD/WB	UNDP	UNEP	UNIDO
		answers to climate change and conservation					communication from the top;	assessment through interviews with managers	ensuring ethical values, behaviors, and risk awareness
Risk category names	Fragile and conflict-affected situations (FCAS) might include political instability, weak governance, economic insecurity, domestic or international conflict, ethnic tensions, and vulnerability to natural hazards. The circumstances in FCAS require a different approach. There is no one-size-fits-all solution in FCAS, wherein standard business processes can be challenged by the need for flexibility and customized solutions.[80]	Overarching categories: (1) operational risk, (2) implementation risk, and (3) strategic risks; country-level risks; rated annually	9 categories including: Capital Leverage Liquidity Credit Market Model Climate Operational and Reputational Risk. Operational and Reputational Risk is split into 12 sub-categories including: Reputation Business Resilience Change Management Fraud & Conduct Human Resources and Skills (People) Information Security incl. Cyber Legal Physical Security & Health & Safety Product Process Technology Vendor / 3rd party	Strategic Operational Fiduciary Financial Environmental and Social	Context: Political, Economic, Institutional, Legal, Natural, Social Agency risk: Organizational Structure, Process, System HR, Assets, Integrity Project: Technical design, Planning, Sustainability, Safeguards, Governance	Environment and Social Political and Governance Macroeconomic Sector Policies Technical Design Institutional Capacity Fiduciary Stakeholder Other Overall Risk	Social and Environmental Financial	Environment and Social Socioeconomic Development Reputational Fiduciary and Capacity to Deliver Management and Governance Structures Budget and Implementation Schedule Financial Management Reporting	External context: social, cultural, environmental; internal context: strategic objectives, values, internal rules, standards, resources available, business processes, organizational culture, capacities and relationships among internal stakeholders; micro-level cost-benefit analysis

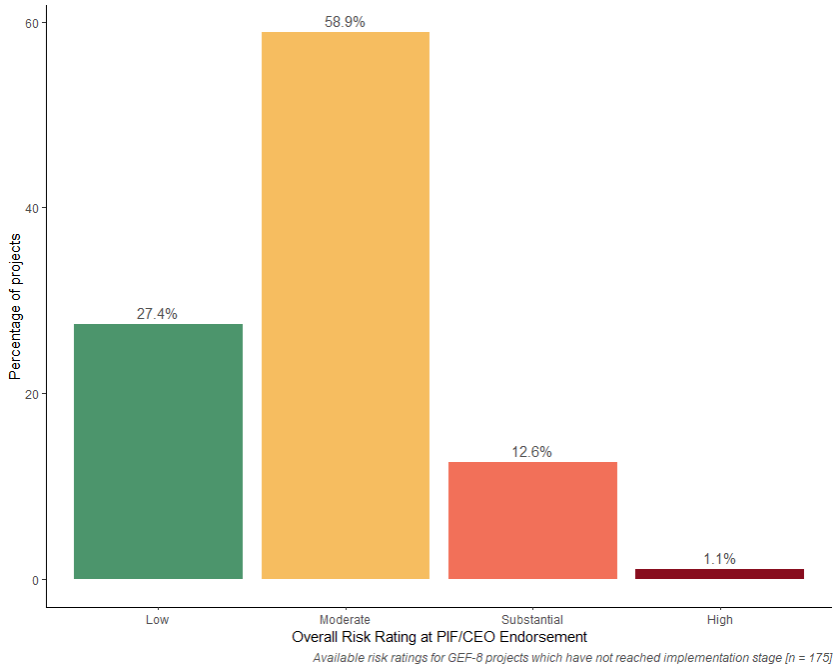
[80] Asian Development Bank Publication Stock No. ARM146734-2.

Annex B, Figure B.1.: "Institutional Capacity" as a key determinant of development objective ratings



Source: WB risk data. Average risk ratings by eight World Bank risk categories (2019-2024).

Annex C., Figure C.1. – GEF-8 projects at PIF/CEO Endorsement Stage (n = 175)



Source: GEF data; PIF/CEO Endorsement Documentation.