



Global Environment Facility

Summary of Document GEF/C.25/1

GEF Annual Performance Report (2004)

Recommended Council Decision

The Council, having reviewed the *GEF Annual Performance Report (2004)* endorses its recommendations and requests that the GEF Office of Monitoring and Evaluation reports on the follow-up of the following recommendations and the management response to the June 2006 Council meeting:

- The transparency of the GEF project approvals process should be increased. The GEF Secretariat and Implementing Agencies should make project proposal status information available to proponents through internet accessible databases and project tracking tools.
- GEF Secretariat should institute an active management approach to the project approvals process, including accountability for processing time standards within the GEF Secretariat and Implementing Agencies.
- UNDP and UNEP should set in place terminal evaluation review processes for GEF projects to improve their quality and meet the concerns of the GEF.
- Recommendations to improve project M&E systems have been issued in the past, as well as request to include an assessment of project M&E systems in all terminal evaluation reports. While there have been advances in upgrading project M&E systems, there is still considerable room for improvement, and therefore the Office considers that these recommendations continue to be valid.

Executive Summary

1. This Annual Performance Report (APR) is a step towards an annual account of the results of GEF activities, processes that affect accomplishment of results and the state of project monitoring and evaluation activities across the system.

2. This year the APR does not include a chapter on results. They would have been drawn partly from the recently completed program studies, but these will be discussed separately by Council. The discussion of results could also have been drawn from the outcome and sustainability ratings of project terminal evaluations. But the mixed quality of terminal evaluations and monitoring systems of projects made a significant portion of the available data unreliable. In subsequent years the Office will verify the achievements of project objectives and the likelihood of sustainability of project outcomes presented in terminal evaluations and will report on these verified achievements. The Project Implementation Review (PIRs) Overview Reports present implementing agency assessments of project achievements by focal areas. In account of the independence of the APR, the Implementing Agency PIR Overview Reports are presented to Council as information documents. These are: Project Implementation Review 2004 - Overview Report/UNDP, GEF/ME/C.25/Inf.2 (Prepared by UNDP); Project Implementation Review 2004 - Overview Report/UNEP, GEF/ME/C.25/Inf.3 (Prepared by UNEP); and Project Implementation Review 2004 - Overview Report/World Bank, GEF/ME/C.25/Inf.4 (Prepared by the World Bank).

3. On process issues, the APR focuses on a review of timeframes associated with GEF project design. This review indicates that the average elapsed times from pipeline entry to program inclusion for GEF full-sized projects regularly exceed the 730 day (24 month) standard expected of routine investment loans or technical assistance grants at multi lateral development banks such as the World Bank. The record for medium-sized projects is also well beyond what was originally expected for this type of grant. No major elapsed time differences among Implementing Agencies were detected. Some of the critical factors affecting the duration of the cycle identified by the review are related to the complexity of the GEF structure and process. These include the need to address the GEF and Implementing Agency processing steps and the specific characteristics of GEF projects which include among others determining baselines and securing co-financing. Other factors are lengthy approval periods of GEF focal points and other political and institutional issues. Although this review is consistent with the findings of other performance reviews and evaluation reports, there is a clear need within the GEF to establish a more uniform and integrated approach to gathering and maintaining critical data on project cycle timeframes.

4. The Office review of Implementing Agency terminal evaluations found that most of the World Bank reports (i.e., Implementation Completion Reports) were of satisfactory or above quality. UNEP reports ratings for fiscal year 2004 showed a slight improvement compared to the reports completed between January 2001 and June 2003. UNDP terminal evaluation quality ratings, on the other hand, exhibited a decline. While there is not sufficient information to interpret this decline as a trend, this decline is a matter of concern because it contributed disproportionately to the drop on the ratings of the quality of terminal evaluation reports submitted in fiscal year 2004. There is still room for improvement for the World Bank, but more needs to be done by UNDP and UNEP. Particular areas in which reports need to improve are: presentation of actual project cost; report consistency; completeness of evidence and convincing substantiation and use of ratings; assessment of sustainability of outcomes; and the assessment of relevant outcomes and objectives. In line with international best practices, and for the sake of clarity and standardization, the Office of Monitoring and Evaluation has requested the

Implementing Agencies to provide ratings on the achievement of objectives/outcomes, sustainability and quality of the M&E systems using a six scale rating system in terminal evaluation reports.

5. The analysis of the quality of project monitoring and evaluation systems seem to suggest that there is an improvement when comparing projects that started before 1995 with those that started after 1995, the point at which the GEF Council requested that project level monitoring and evaluation plans be included in all projects approved for GEF funding. However, there is a substantial gap in the information as the quality of the project monitoring and evaluation systems is unknown for a large percentage of projects: 18 of 75 reports from the period under consideration did not provide sufficient information on the systems. Therefore, the Office requests to Implementing Agencies that future terminal evaluations include an assessment of project monitoring and evaluation systems.

Recommendations

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- GEF Secretariat should institute an active management approach to the project approvals process, including accountability for processing time standards within the GEF Secretariat and Implementing Agencies.
- UNDP and UNEP should set in place terminal evaluation review processes for GEF projects to improve their quality and meet the concerns of the GEF.
- Recommendations to improve project M&E systems have been issued in the past, as well as request to include an assessment of project M&E systems in all terminal evaluation reports. While there have been advances in upgrading project M&E systems, there is still considerable room for improvement, and therefore the Office considers that these recommendations continue to be valid.