



GLOBAL ENVIRONMENT FACILITY
INVESTING IN OUR PLANET

GEF/C.55/03
November 21, 2018

55th GEF Council Meeting
December 18 – 20, 2018
Washington, D.C.

Agenda Item 13

ANNUAL PORTFOLIO MONITORING REPORT 2018

Recommended Council Decision

The Council, having reviewed document GEF/C.55/03, *Annual Portfolio Monitoring Report 2018*, welcomes the overall finding that the GEF portfolio under implementation in FY18 performed satisfactorily across all focal areas.

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ABBREVIATIONS AND ACRONYMS

ABS	Access and Benefit Sharing
ADB	Asian Development Bank
AfDB	African Development Bank
AFR	Africa
APMR	Annual Portfolio Monitoring Report
AREF	African Renewable Energy Fund
BD	Biodiversity
BOAD	West African Development Bank
CBD	Convention on Biological Diversity
CBO	Community-Based Organization
CC	Climate Change
CCA	Climate Change Adaptation
CCM	Climate Change Mitigation
CEO	Chief Executive Officer
CI	Conservation International
Cities-IAP	Sustainable Cities Integrated Approach Pilot
CO ₂ e	Carbon Dioxide Equivalent
Commodity-IAP	Taking Deforestation out of Commodity Supply Chains
COP	Conference of the Parties
CPMT	Central Programme Management Team
CSO	Civil Society Organization
DBSA	Development Bank of Southern Africa
DO	Development Objectives
EA	Enabling Activity
EAP	East Asia and Pacific
EBRD	European Bank for Reconstruction and Development
ECA	Europe and Central Asia
FA	Focal Area
FAO	Food and Agriculture Organization of the United Nations
FSP	Full-Sized Project
FUNBIO	Brazilian Biodiversity Fund
FY	Fiscal Year
GEBS	Global Environmental Benefits
GEF	Global Environment Facility
GEF EO	Global Environment Facility Evaluation Office
GEFTF	Global Environment Facility Trust Fund
HCFC	Hydro-chlorofluorocarbon
IAP	Integrated Approaches Program
IDB	Inter-American Development Bank

IBRD	International Bank for Reconstruction and Development (World Bank)
ICT	Information and Communications Technology
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IP	Implementation Progress
IUCN	International Union for Conservation of Nature
IW	International Waters
LAC	Latin America and the Caribbean
LD	Land Degradation
LDCF	Least Developed Countries Fund
MEAs	Multilateral Environmental Agreements
MDB	Multilateral Development Bank
MFA	Multi-Focal Area
M&E	Monitoring and Evaluation
MSP	Medium-Sized Project
MTF	Multi Trust Fund
NBSAP	National Biodiversity Strategies and Action Plan
NGO	Non-governmental organization
NIP	National Implementing Partner
ODS	Ozone Depleting Substances
PV	Photovoltaic
PIF	Project Identification Form
PIR	Project Implementation Report
PMIS	Project Management Information System
POPs	Persistent Organic Pollutants
PPG	Project Preparation Grant
PPP	Public Private Partnership
RBM	Results-Based Management
SA	South Asia
SCCF	Special Climate Change Fund
SPG	Small Grants Programme
STAP	Scientific and Technical Advisory Panel
TE	Terminal Evaluation
UNCCD	United Nations Convention to Combat Desertification
UNDP	United Nations Development Program
UNEP	United Nations Environment Program
UNFCCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organization
WB	World Bank
WWF	World Wildlife Fund

EXECUTIVE SUMMARY

1. This Annual Portfolio Monitoring Report provides a summary of the progress and performance of the active portfolio of projects with financing from the GEF Trust Fund as of June 30, 2018. In addition, the report contains a comprehensive and up-to-date analysis on operational efficiency, transparency and accountability, as well as a retrospective overview of projects and programs approved during the sixth replenishment period (GEF-6).

Summary of Projects Under Implementation

2. The active GEF portfolio comprised 893 projects that had begun implementation on or before June 30, 2017 and that were under implementation during at least part of fiscal year 2018 (FY18, July 1, 2017 to June 30, 2018), amounting to US\$4.2 billion in GEF project financing. Of the 809 active projects that provided performance ratings, 89% were rated moderately satisfactory or higher for progress towards development objectives, and 83% were moderately satisfactory or higher for implementation progress.

3. A comparison of Agencies' management self-rating of performance at completion with the outcome ratings provided by Agencies' evaluation offices or the GEF Independent Evaluation office suggests a marked difference. For 444 projects for which such comparison is possible, 91% of Agencies' DO ratings were moderately satisfactory or higher compared with 75% of outcome ratings provided by independent evaluators.

4. Of 830 active projects that reported disbursements as of June 30, 2018, 146 (17%) had reached or exceeded their intended duration but had not yet been completed. These overdue projects amounted to US\$581 million in GEF project financing, or about 14% of the total active portfolio, of which 63% had been disbursed. Thirty-three projects, or 4% of all projects with reported disbursements, were overdue by two years or more. It is noteworthy that the overdue projects were rated higher than the active portfolio at large for implementation progress: 86% of overdue projects had IP ratings of moderately satisfactory or higher compared with 83% for the complete active portfolio.

Analysis in Support of Measures to Enhance Operational Efficiency, Transparency, and Accountability

5. In response to a GEF-7 policy recommendation, the Secretariat, in document GEF/C.55/04, is proposing a range of policy measures to enhance operational efficiency, transparency, and accountability. Underpinning those proposed measures, this report presents the latest analysis on project preparation, implementation, and financial closure.

6. The analysis shows that the 2015 Cancellation Policy has seen full compliance in terms of the timely submission of projects for CEO Endorsement/ Approval, but that less than half of recently approved projects actually receive CEO Endorsement within the 18-month time standard. Moreover, with some variation across cohorts based on the year of CEO

Endorsement, between 26% and 37% of full-sized projects do not complete their first disbursement within one year from CEO Endorsement.

7. The latest analysis also suggests a need to accelerate project implementation, and to ensure compliance with key reporting requirements. After six years from first disbursement, with some variation depending on the year of first disbursement, between 32% and 41% of full-sized projects still had not submitted a mid-term review to the Secretariat, and between 14% and 23% of projects had not yet submitted a terminal evaluation after nine years of implementation.

8. Apart from delays encountered during implementation, recent analysis by the Secretariat, the Trustee, and Agencies has found that a large share of projects are not financially closed in a timely manner. Of projects that completed their terminal evaluations in 2008–2013, between 14% and 42% had not been financially closed with the Trustee within one year from terminal evaluation, and after five years between 7% and 20% had still not been closed, with some variation from one year to another.

Retrospective of GEF-6 Funding Approvals, Expected Results and Performance

9. From July 1, 2014 to June 30, 2018, the Council and the CEO approved US\$3.4 billion in GEF financing towards 649 projects, including 346 full-sized projects, 153 medium-sized projects, and 150 enabling activities.

10. As of June 30, 2018, the projects and programs approved in GEF-6 were expected to meet or exceed five of the ten agreed GEF-6 targets for global environmental benefits. In some areas, such as sustainable land management, fisheries, and chemicals and waste, the aggregate expected results do not meet agreed targets as a result of the shortfall in available resources, country-level prioritization, and other factors. With respect to certain indicators and targets, GEF-6 clearly illustrates the need to strengthen the methodologies and guidelines for the calculation of and reporting on the expected and achieved GEBs of GEF projects and programs. These lessons and experiences have been considered in the development of the GEF-7 results architecture, including the agreed targets, indicators, and methodologies¹.

11. As the GEF-6 portfolio matures, the Secretariat will report on the actual results of approved GEF-6 projects as they reach mid-term and completion, consistent with the requirements established as part of the GEF-7 results architecture².

12. GEF-6 projects were on track to exceed the ambition established in the previous, 2014 Co-Financing Policy, which called for a “the overall GEF portfolio to reach a co-financing ratio of at least 6:1, with expectations for greater co-financing in upper middle-income countries

¹ GEF/C.54/11/Rev.02, *Updated Results Architecture for GEF-7* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.11.Rev_02_Results.pdf)

² Ibid.

[UMIC] that are not [small island developing states] SIDS”³. The 486 projects that had received CEO Endorsement/ Approval, with GEF project financing amounting to US\$2.1 billion, had mobilized US\$16.4 billion in confirmed co-financing, or US\$8 in co-financing for each dollar in GEF project financing, up from US\$7.6 in GEF-5. In UMICs that are not SIDS, each dollar in GEF project financing mobilized US\$8.9 in co-financing, a slight decline from US\$9.3 in GEF-5. One possible reason for the decline is that single-focal area climate change projects – which typically mobilize the highest levels of co-financing – declined from 31% to 17% of CEO Endorsed/ Approved projects in UMICs and SIDS.

13. At the time of reporting, 309 GEF-6 projects had begun implementation, with approvals amounting to US\$1,415 million (47% of total). Of these, 284 reported cumulative disbursements as of June 30, 2018 amounting to US\$249 million or about 8% of total approved GEF project financing in GEF-6. One hundred projects provided performance ratings, of which 94% were rated moderately satisfactory or higher for implementation progress, and 96% of projects were rated moderately satisfactory or higher for progress towards development objectives.

³ GEF/C.46/09, *Co-Financing Policy* (http://www.thegef.org/sites/default/files/council-meeting-documents/GEF.C.46.09_Co-Financing_Policy_May_6_2014_2.pdf). It should be noted that the 2014 policy was superseded by a new Co-Financing Policy, effective on July 1, 2018 (FI/PL/01, http://www.thegef.org/sites/default/files/documents/Cofinancing_Policy.pdf).

INTRODUCTION

1. This Annual Portfolio Monitoring Report (APMR) provides a summary of the progress and performance of the active portfolio of projects with financing from the GEF Trust Fund as of June 30, 2018. In addition, this year's report contains a comprehensive and up-to-date analysis on operational efficiency, transparency and accountability to underpin the policy measures proposed in document GEF/C.55/04, as well as a retrospective overview of projects and programs approved during the sixth replenishment period (GEF-6).
2. This report remains broadly similar to the APMRs presented in 2016⁴ and 2017⁵. Looking forward, the Secretariat is in the process of reviewing and updating the GEF's approach to portfolio-level monitoring and reporting on results, performance and financing, in line with the strategic directions set forth in document GEF/C.54/11/Rev.02, *Updated Results Architecture for GEF-7*⁶.
3. The Secretariat is also working with the Independent Evaluation Office (IEO) to update the 2010 *Monitoring and Evaluation Policy*⁷. An updated policy will be presented for Council review and approval at its next meeting in the Spring of 2018. The policy will set out the core principles and mandatory requirements for monitoring and evaluation across the GEF Partnership, reflecting the proposed new approach to portfolio monitoring and reporting.

⁴ GEF/C.51/03 (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.51.03_APMR_0.pdf)

⁵ GEF/C.53/03 (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.53.03_APMR%2BScorecard.pdf)

⁶ (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.11.Rev_.02_Results.pdf)

⁷ (<http://www.gefio.org/evaluations/gef-monitoring-and-evaluation-me-policy-2010>)

SUMMARY OF PROJECTS UNDER IMPLEMENTATION

4. This section of the APMR considers the active portfolio of projects that had begun implementation on or before June 30, 2017, and that were under implementation during at least part of fiscal year 2018 (FY18, July 1, 2017 to June 30, 2018).

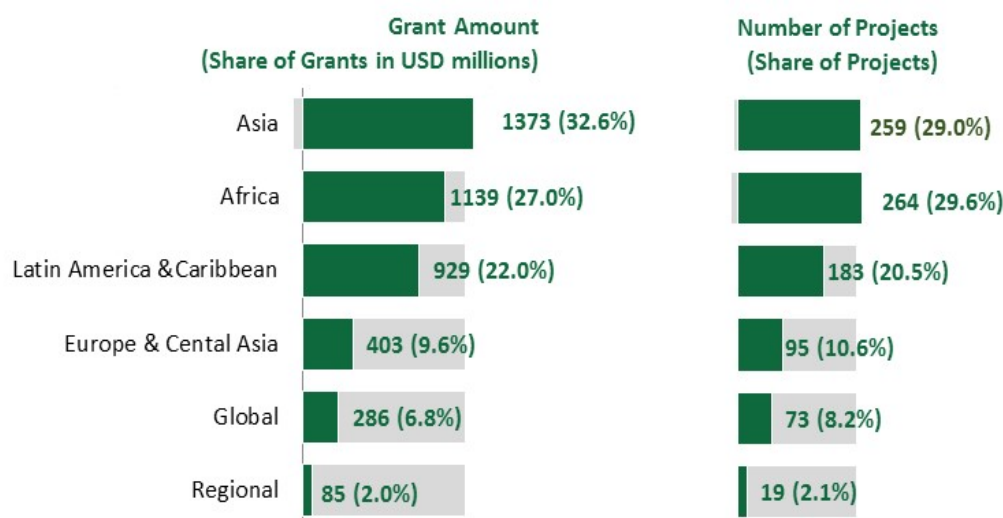
Size and Composition of the Active Portfolio

5. The active portfolio comprised 893 projects, of which 670 were full-sized projects (FSP) and 223 were medium-sized projects (MSP), with total GEF project financing amounting to US\$4.2 billion (excluding project preparation grants and Agency fees), as of June 30, 2018.

Active Projects by Region

6. Consistent with trends since inception, Asia had the largest share of GEF project financing for active projects, at US\$1.4 billion (33%), followed by Africa (27%), Latin America and the Caribbean (22%), and Europe and Central Asia (10%). Global and regional projects accounted for a combined 9% of GEF project financing towards active projects. In terms of the number of active projects, Africa accounted for the largest share (30%). (Figure 1)

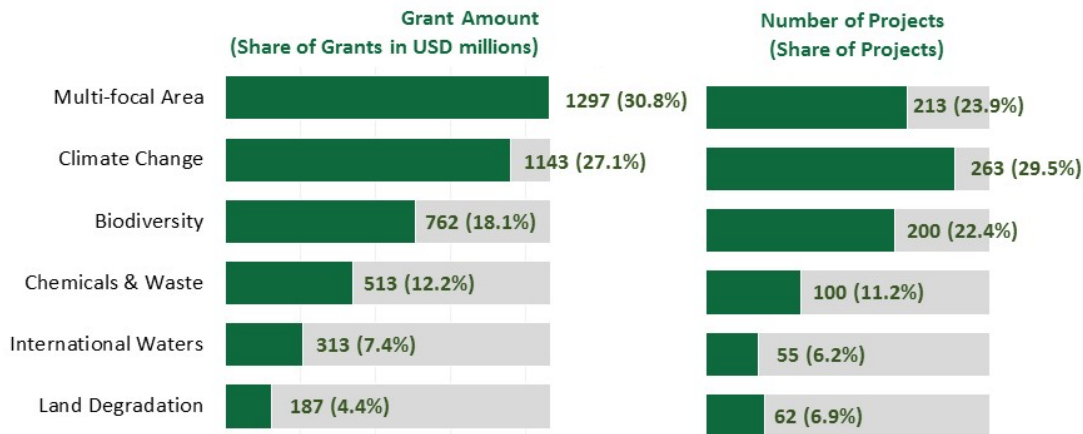
Figure 1: Active Projects by Region (as of June 30, 2018)



Active Projects by Focal Area

7. Multi-focal Area projects had the largest share of GEF project financing for active projects, at US\$1.3 billion (31%), followed by climate change (27%) and biodiversity (18%). In terms of the number of active projects, climate change accounted for the largest share (30%), followed by multi-focal Area (24%) and biodiversity (22%) (Figure 2).

Figure 2: Active Projects by Focal Area (as of June 30, 2018)



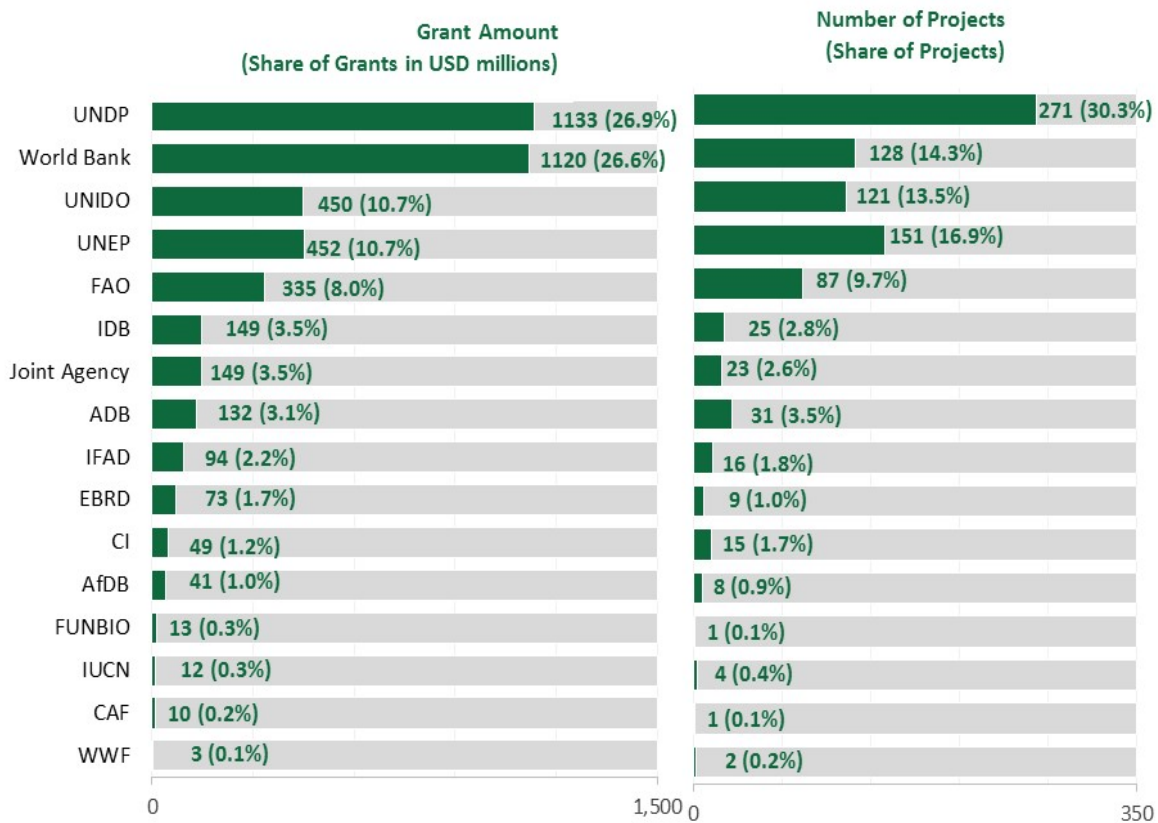
Active Projects by Agency

8. UNDP and the World Bank had the largest shares of GEF project financing under implementation, each with about US\$1.1 billion or 27% of the active portfolio, followed by UNIDO (11%), UNEP (11%), and FAO (8%) (Figure 3).

9. In terms of the number of projects, UNDP had by far the largest share of active projects (271 projects or 30%), followed by UNEP (151 projects or 17%), the World Bank (128 projects, 14%), and UNIDO (121, 14%) (Figure 3).

10. The difference between the two measures highlights major differences among Agencies in terms of the average size of their active GEF projects. GEF project financing towards active World Bank projects amounted to some US\$8.8 million on average, compared with US\$4.2 million for UNDP, US\$3.7 million for UNIDO, and US\$3 million for UNEP.

Figure 3: Active Projects by Agency (as of June 30, 2018)



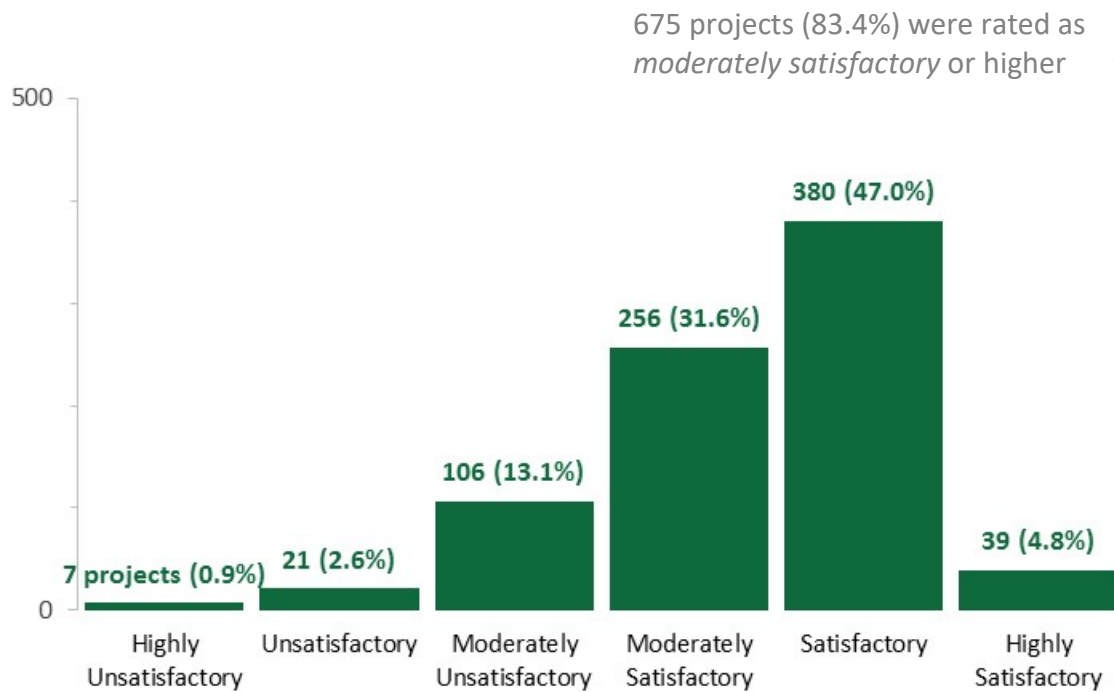
Performance Ratings

11. Each Agency provides annual performance ratings of their active projects across the following two dimensions: progress towards development objectives (DO) and implementation progress (IP). The ratings are provided on a six-point scale: highly unsatisfactory (HU), unsatisfactory (U), moderately unsatisfactory (MU), moderately satisfactory (MS) satisfactory (S), and highly satisfactory (HS).

12. IP ratings represent progress that has been made during a given reporting period. DO ratings reflect the likelihood that a project achieves its stated objectives at completion.

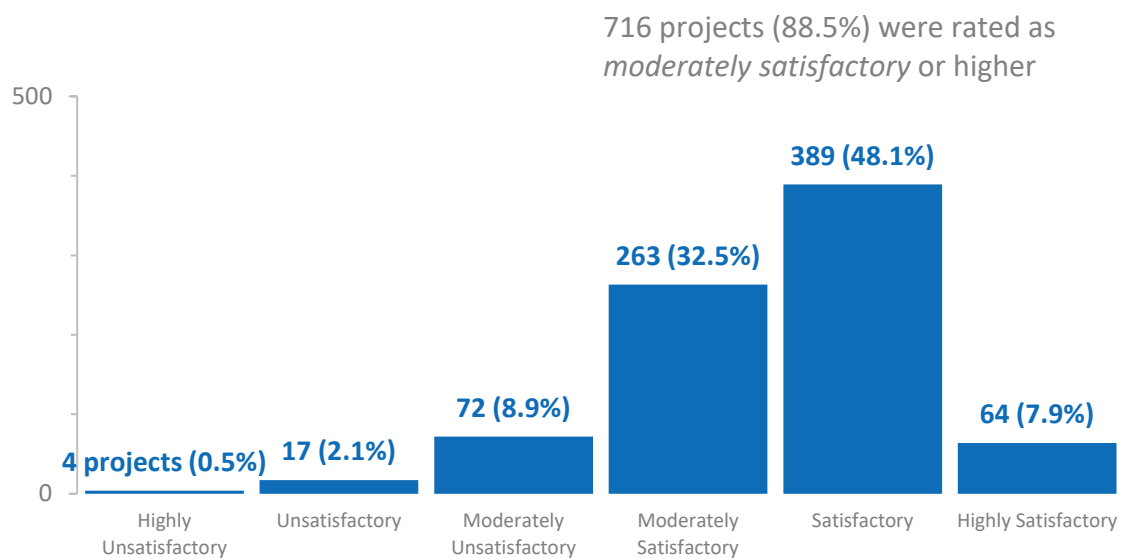
13. For FY18, performance ratings were received for 809 of the 893 active FSPs and MSPs, representing 91% of the active portfolio. In terms of implementation progress, 83% of projects that provided performance ratings (675 projects) were rated moderately satisfactory or higher (Figure 4).

Figure 4: Implementation Progress Ratings for Active Projects (as of June 30, 2018)



14. In terms of DO ratings, 89% of rated projects (716 projects) were rated moderately satisfactory or higher (Figure 5).

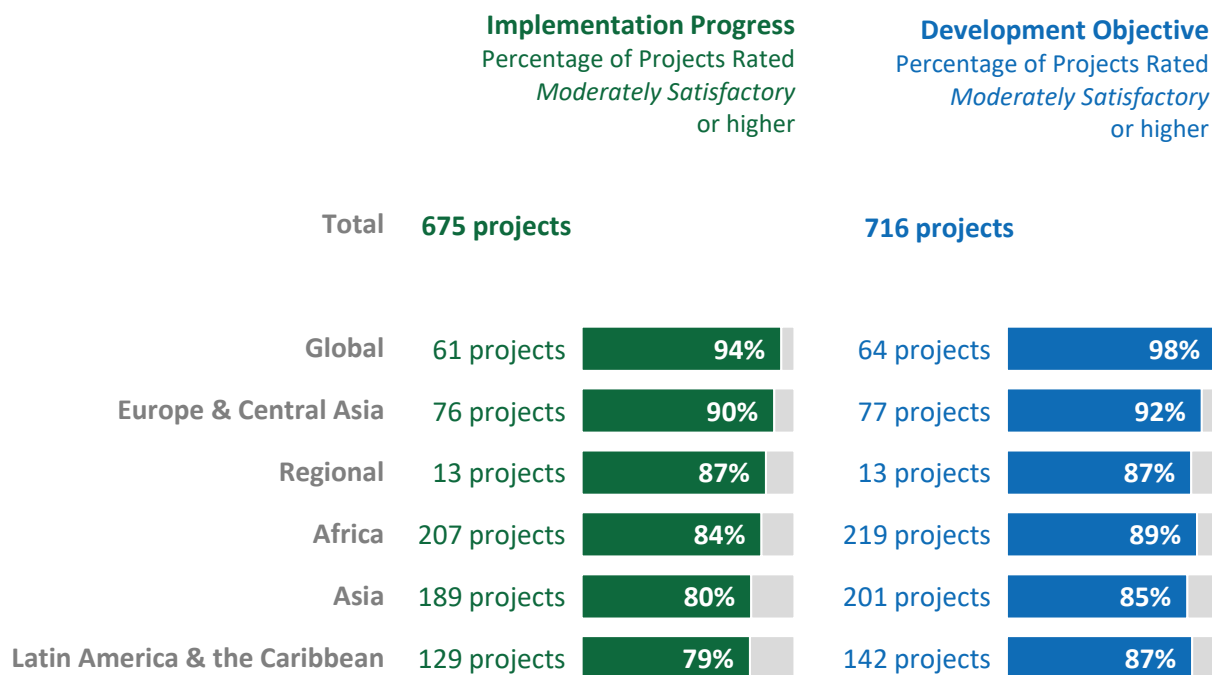
Figure 5: Development Objective Ratings for Active Projects (as of June 30, 2018)



Performance Ratings by Region

15. With respect to both the DO and IP ratings by region, global projects and projects in Europe and Central Asia had the largest shares of projects rated moderately satisfactory or higher (Figure 6).

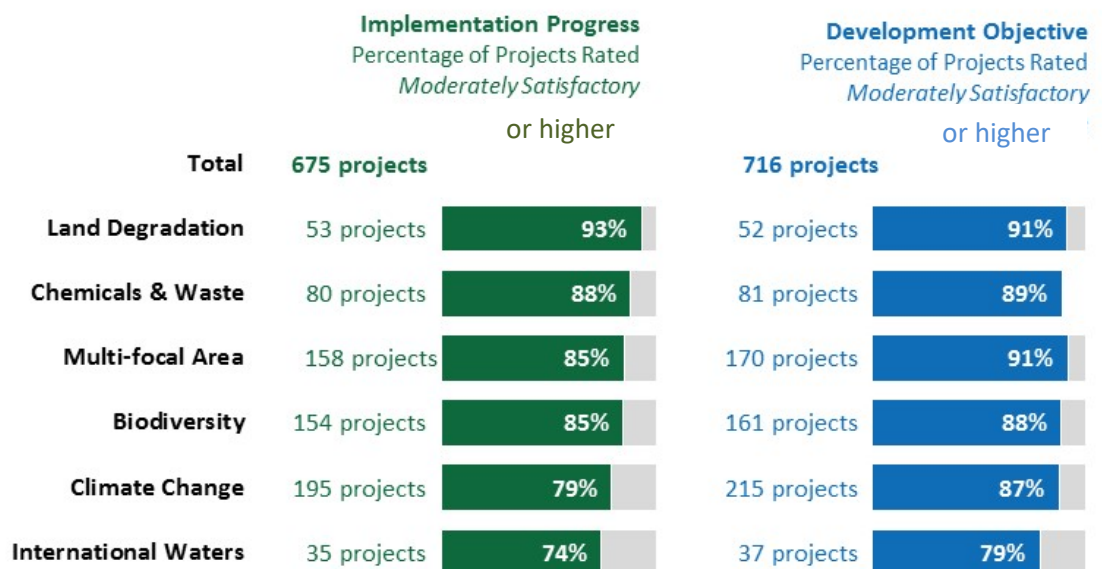
Figure 6: Performance Ratings by Region (as of June 30, 2018)



Performance Ratings by Focal Area

16. The share of active projects with IP ratings of moderately satisfactory or higher ranged from 74% in the international waters focal area to 93% in the land degradation focal area. DO ratings followed a similar pattern, with 91% of land degradation and multi-focal area projects rated moderately satisfactory or higher, compared with 79% in international waters (Figure 7).

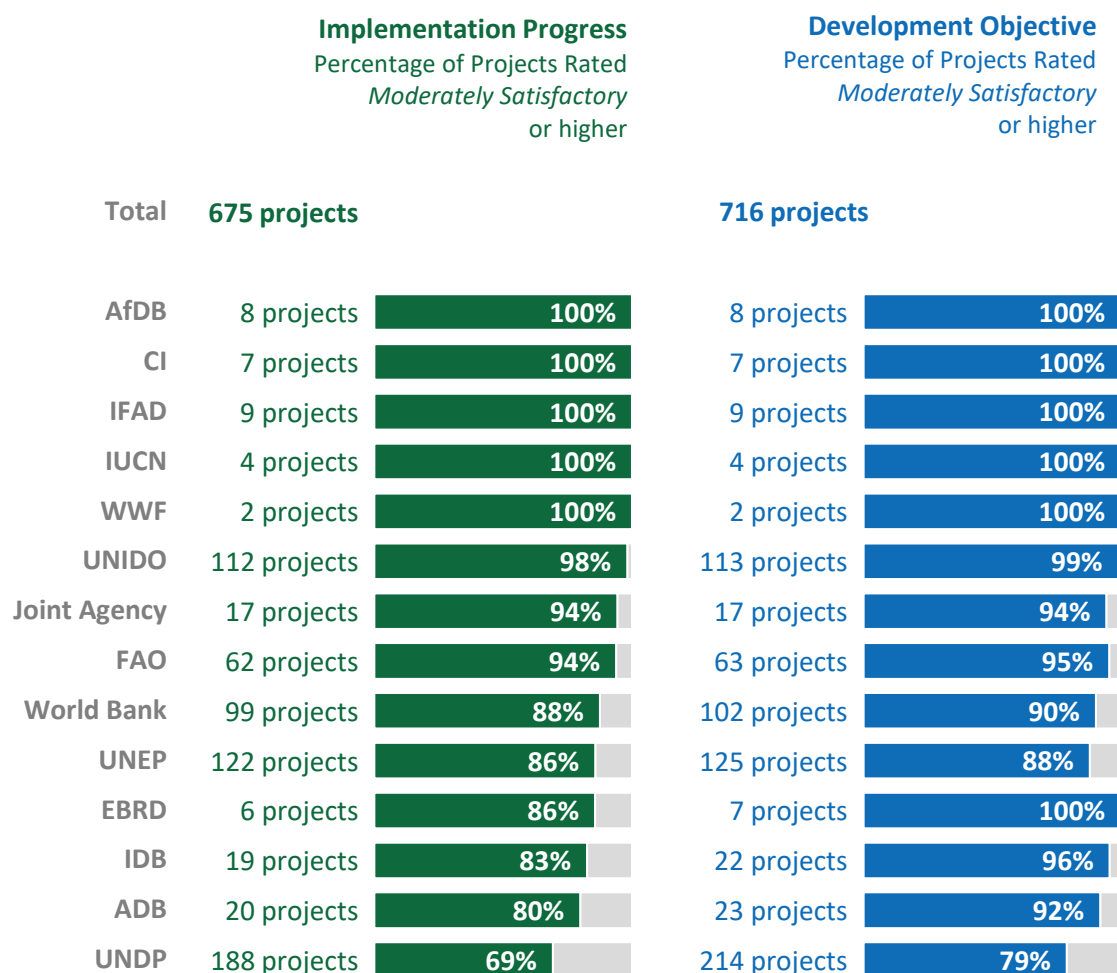
Figure 7: Performance Ratings by Focal Area (as of June 30, 2018)



Performance Ratings by Agency

17. Of the Agencies with more than 100 active projects, UNIDO rated 98% of its active projects moderately satisfactory or higher for implementation progress, compared with 88% for the World Bank, 86% for UNEP, and 69% for UNDP. Similarly, 99% of UNIDO projects received DO ratings of moderately satisfactory or higher compared with 90% for the World Bank, 88% for UNEP, and 79% for UNDP. (Figure 8)

Figure 8: Performance Ratings by Agency (as of June 30, 2018)



18. UNDP reports that it made substantial changes to its annual reporting in 2017, resulting in a smaller share of projects rated moderately satisfactory or higher. The changes include revising the definitions of the DO and IP ratings, introducing rigorous performance targets for each rating level, and a revised methodology for calculating the overall project ratings.

Comparison of Agencies' Management Self-Rating of Performance at Completion with Ratings of Independent Evaluators

19. A comparison of Agencies' management self-rating of performance **at completion** with the ratings provided by Agencies' evaluation offices or the GEF Independent Evaluation office suggests a marked difference. Ratings provided by independent evaluators are consistently lower than those provided by project managers. For 444 completed projects for which such comparison is possible, 91% of Agencies' management DO ratings were moderately satisfactory or higher (Figure 9) compared with 75% of outcome ratings provided by independent

evaluators (Figure 10). For the share of projects rated satisfactory or highly satisfactory, the difference is even more pronounced, at 66% vs. 33%.

Figure 9: Agencies' Management Self-Rating of Performance Towards Development Objectives at Completion (as of June 30, 2018)

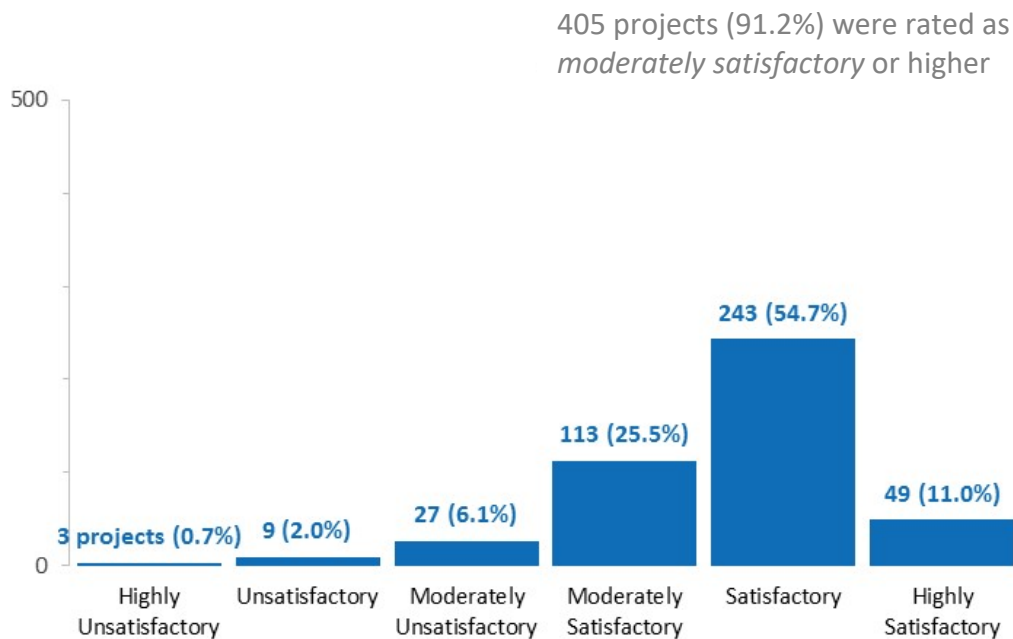
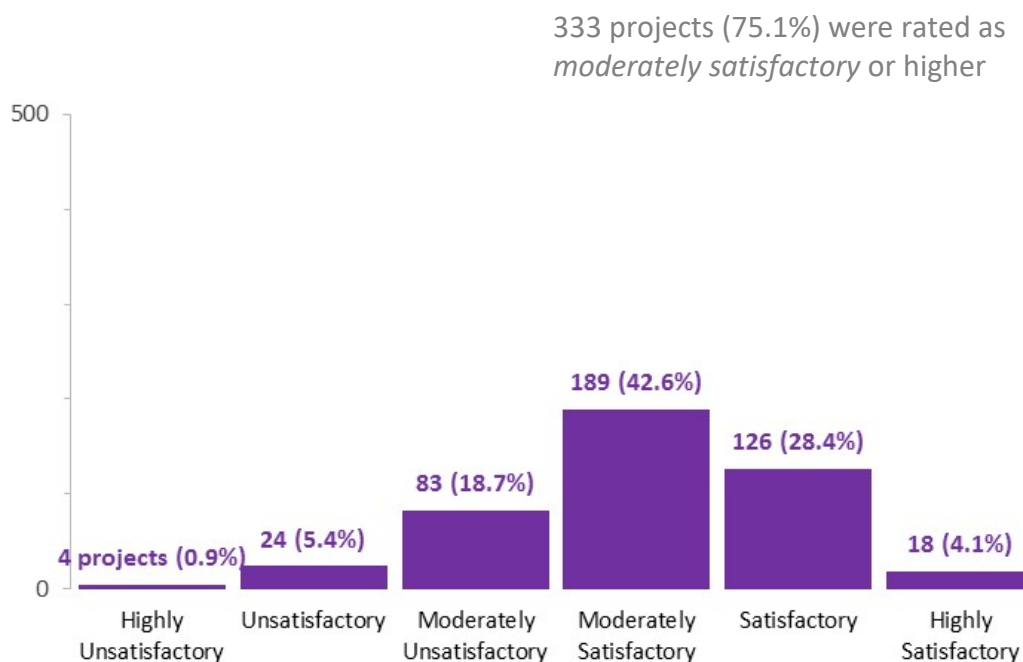
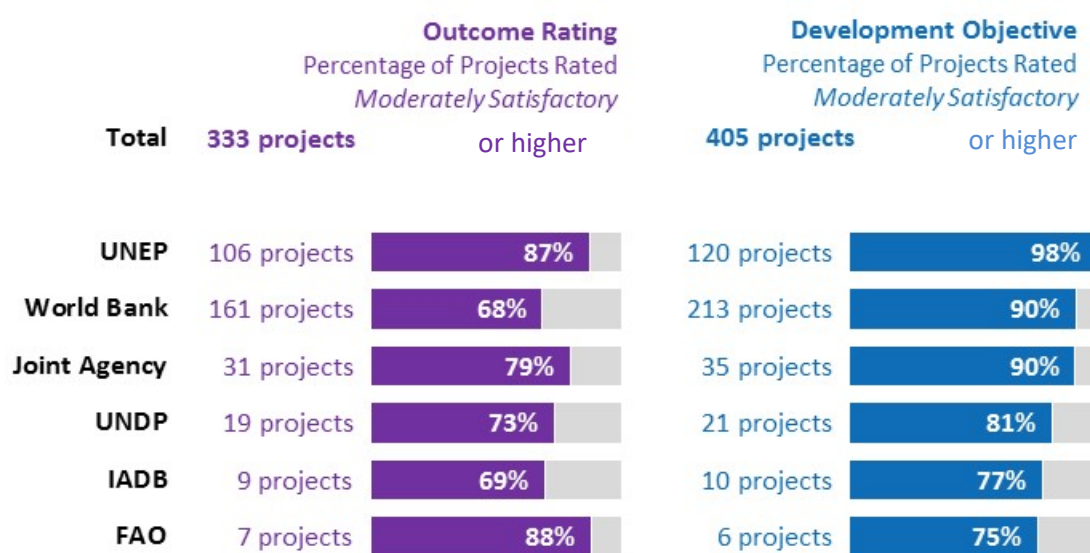


Figure 10: Independent Evaluators' Outcome Ratings for the Same Cohort of Completed Projects (as of June 30, 2018)



20. The difference between management self-rating and independent rating is significant across all Agencies for which data is available, but with some variation in magnitude. For projects implemented by UNDP and UNEP, the share of projects that were rated moderately satisfactory or higher by independent evaluators was eleven and nine percentage points lower – respectively – than for the DO ratings provided by project managers. In contrast, for World Bank projects the difference was 22 percentage points. FAO stands out as the only Agency for which the ratings provided by independent evaluators were higher than the ratings provided by project managers, albeit based on a sample of only eight projects. (Figure 11)

Figure 11: Performance Ratings by Agency (as of June 30, 2018)
 (“Outcome Ratings” [left] are provided by independent evaluators and “Development Objective” [right] are based on Agencies management self-rating)



21. The reasons for the differences between the two sets of ratings, and among Agencies, are not sufficiently well understood and there may be a need to review Agencies’ approaches to performance ratings with a view to ensuring a reasonable degree of consistency.

Disbursements

22. Of the 893 active MSPs and FSPs, 830 reported cumulative disbursements as of June 30, 2018. GEF Project Financing approved towards these 830 projects amounted to US\$3.9 billion, or 93% of the total active portfolio. Of this, US\$1.75 billion or 45% had been disbursed.

23. Global and regional projects were generally more advanced in terms of disbursements, while disbursement rates across regions were close to the average for the active portfolio as a whole (Table 1).

Table 1: Disbursements by Region (as of June 30, 2018)

	Number of Active FSPs and MSPs with Reported Disbursements	Approved GEF Project Financing (mUS\$)	Funds Disbursed (mUS\$)	Disbursement Rate
Africa	247	1,046	457	44%
Asia	239	1,256	533	42%
ECA	85	364	161	44%
LAC	174	878	400	46%
Global/ Regional	85	371	197	53%
Total	830	3,915	1,748	45%

24. With respect to focal areas, single-focal area projects in biodiversity and land degradation stood out with higher disbursement rates than projects in other focal areas, as well as multi-focal area projects. International waters projects had disbursed a relatively smaller share of their approved GEF project financing. (Table 2)

Table 2: Disbursements by Focal Area (as of June 30, 2018)

	Number of Active FSPs and MSPs with Reported Disbursements	Approved GEF Project Financing (mUS\$)	Funds Disbursed (mUS\$)	Disbursement Rate
BD	193	744	398	54%
CW	97	505	196	39%
CC	245	1,085	437	40%
IW	53	309	105	34%
LD	57	171	107	63%
MFA	185	1,102	505	46%
Total	830	3,915	1,748	45%

25. As for Agencies, the breakdown of disbursements reveals major differences in terms of the size and level of maturity of each Agency's GEF portfolio. Of the five Agencies with the largest active portfolios, projects implemented by UNEP (54%) and the World Bank (51%) had higher disbursements rates on average compared with FAO (44%), UNDP (40%), and UNIDO (37%). (Table 3)

Table 3: Disbursements by Agency (as of June 30, 2018)

	Number of Active FSPs and MSPs with Reported Disbursements	Approved GEF Project Financing (mUS\$)	Funds Disbursed (mUS\$)	Disbursement Rate
ADB	23	131	69	53%
AfDB	8	41	19	47%
CAF	1	10	3	30%
CI	15	49	25	52%
EBRD	9	81	23	29%
FAO	67	264	117	44%
FUNBIO	1	13	2	11%
IDB	25	149	61	41%
IFAD	15	90	31	34%
IUCN	4	12	6	49%
UNDP	272	1,138	460	40%
UNEP	143	438	236	54%
UNIDO	115	432	159	37%
World Bank	118	1,000	511	51%
WWF-US	2	3	2	73%
Multi-Agency	12	64	24	38%
Total	830	3,915	1,748	45%

Speed of Implementation

26. Of the 830 MSPs and FSPs that reported disbursements as of June 30, 2018, 146 (17%) had reached or exceeded their intended duration but had not yet been completed. These projects – hereafter “overdue projects” – amounted to US\$581 million in GEF project financing, or about 14% of the total active portfolio. Of this, US\$368 million or 63% had been disbursed. Thirty-three projects, or 4% of all projects with reported disbursements, were overdue by two years or more.

27. Given the above findings on performance ratings (paragraphs 33–35), it is noteworthy that the overdue projects were rated higher than the active portfolio at large for implementation progress: 86% of overdue projects were rated moderately satisfactory or higher in terms of implementation progress, compared with 83% for the complete active portfolio.

28. Global and regional projects had the highest shares of overdue projects and projects overdue by two years or more, yet 90% of overdue global and regional projects were rated moderately satisfactory or higher. Among other regions, overdue projects in the ECA region had disbursed just 47% of their approved GEF project financing, notwithstanding the fact that the projects had already reached their intended duration. (Table 4)

Table 4: Overdue Projects by Region (as of June 30, 2018)

	No. of Overdue Projects	% of Projects Overdue	GEF Project Fin. (mUS\$)	Funds Disbursed (mUS\$)	Disb. Rate	No. of projects rated MS or higher for IP	% of projects rated MS or higher for IP	No. of Projects Overdue 2 Years or Longer	% of Projects Overdue 2 Years or Longer
Africa	44	16%	153	104	68%	40	91%	10	4%
Asia	38	16%	196	115	59%	28	74%	8	3%
ECA	17	20%	60	28	47%	15	88%	4	5%
LAC	27	16%	104	70	67%	25	93%	4	2%
Global/ Regional	20	24%	68	51	74%	18	90%	7	8%
Total	146	18%	581	368	63%	126	86%	33	4%

29. Compared with other focal areas, biodiversity projects stood out in terms of the small share of overdue projects (10%). Of multi-focal area projects just 1% was overdue by two years or longer. As of June 30, the active portfolio comprised 60 overdue climate change projects with US\$123 million in pending disbursements. (Table 5)

Table 5: Overdue Projects by Focal Area (as of June 30, 2018)

	No. of Overdue Projects	% of Projects Overdue	GEF Project Fin. (mUS\$)	Funds Disbursed (mUS\$)	Disb. Rate	No. of projects rated MS or higher for IP	% of projects rated MS or higher for IP	No. of Projects Overdue 2 Years or Longer	% of Projects Overdue 2 Years or Longer
BD	20	10%	59	46	79%	19	95%	9	5%
CW	22	23%	76	53	70%	18	82%	5	5%
CC	60	24%	261	138	53%	50	83%	11	4%
IW	7	13%	36	19	54%	4	57%	1	2%
LD	11	19%	26	20	79%	10	91%	5	9%
MFA	26	14%	123	91	74%	25	96%	2	1%
Total	146	18%	581	367	63%	126	86%	33	4%

30. Of the Agencies with large and advanced GEF portfolios, UNDP had a relatively smaller share of overdue projects (12%) compared with UNEP (23%), UNIDO (25%) and the World Bank (20%). UNEP and UNIDO rated 94% and 97% of these projects moderately satisfactory or higher for implementation progress, respectively, compared with 73% and 71% for UNDP and the World Bank. Ten per cent of all active UNEP projects and 5% of UNIDO projects were overdue by two years or more. (Table 6)

Table 6: Overdue Projects by Agency (as of June 30, 2018)

	No. of Overdue Projects	% of Projects Overdue	GEF Project Fin. (mUS\$)	Funds Disbursed (mUS\$)	Disb. Rate	No. of projects rated MS or higher for IP	% of projects rated MS or higher for IP	No. of Projects Overdue 2 Years or Longer	% of Projects Overdue 2 Years or Longer
ADB	5	22%	22	14	66%	4	80%	4	17%
AfDB	2	25%	11	5	50%	2	100%	0	0%
EBRD	3	33%	22	5	22%	3	100%	0	0%
FAO	5	7%	23	19	81%	5	100%	1	1%
IDB	7	28%	40	27	69%	7	100%	2	8%
IUCN	3	75%	6	5	77%	3	100%	0	0%
UNDP	33	12%	117	67	57%	24	73%	1	0%
UNEP	33	23%	86	62	73%	31	94%	14	10%
UNIDO	29	25%	62	38	63%	28	97%	6	5%
World Bank	24	20%	179	114	64%	17	71%	4	3%
Multi-Agency	2	17%	13	10	78%	2	100%	1	8%
Total	146	18%	581	367	63%	126	86%	33	4%

31. Looking forward, the Secretariat will continue to monitor active projects against their intended duration, and work with Agencies and country stakeholders with a view to ensuring that any overdue projects are completed – or cancelled where needed – without further delays.

Enabling Activities

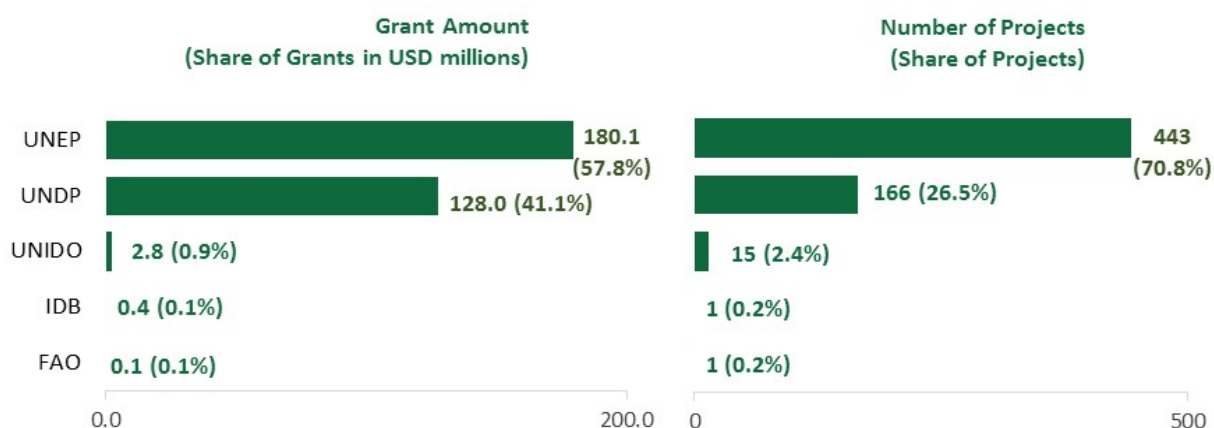
32. Apart from FSPs and MSPs, the GEF funds enabling activities (EA), which are projects designed to assist countries to prepare plans, strategies or reports to fulfill their commitments under the multi-lateral environmental agreements⁸ that the GEF serves as the/a financial mechanism.

33. At the end of FY18, the GEF had financed a total of 626 EAs totaling US\$311 million since inception, including 42 EAs that were approved in FY18 (US\$14 million), 361 EAs (US\$240 million) under implementation, and 223 EAs (US\$57 million) completed in FY18.

34. As of June 30, 2018, five Agencies had implemented EAs. Of these, UNEP had the largest share of GEF funding for EAs (58%), followed by UNDP (41%). In terms of the number of EAs, UNEP had the largest share (70% or 443 EAs), followed by UNDP (27% or 166) (Figure 12).

⁸ Convention on Biological Diversity, UN Framework Convention on Climate Change, UN Convention to Combat Desertification, Stockholm Convention on Persistent Organic Pollutants, and Minamata Convention on Mercury.

Figure 12: Distribution of Enabling Activities by Agency (as of June 30, 2018)



Small Grants Programme

35. During FY18, there were 3,204 Small Grants Programme projects under implementation in 125 countries, amounting to US\$111.3 million in grants. During the same period, 1,011 new projects were approved for a total of US\$31.5 million, and 1,005 projects were completed. Annex II provides further details regarding the latest progress and results of the Small Grants Programme.

ANALYSIS IN SUPPORT OF MEASURES TO ENHANCE OPERATIONAL EFFICIENCY, TRANSPARENCY, AND ACCOUNTABILITY

36. The participants to the seventh replenishment of the GEF Trust Fund (GEF-7), in their policy recommendations, requested that “the Secretariat, in consultation with Agencies, identify and present for Council consideration a proposal with additional policy measures to enhance the operational efficiency and transparency of the GEF”⁹. The GEF-7 policy recommendations were endorsed by the Council at its 54th meeting in June 2018¹⁰.

37. The Secretariat’s proposed policy measures are presented for Council review and approval in document GEF/C.55/04. Underpinning those proposed measures, this section presents the latest analysis of various dimensions of the GEF’s operational efficiency, transparency, and accountability. The analysis builds on evidence presented throughout the

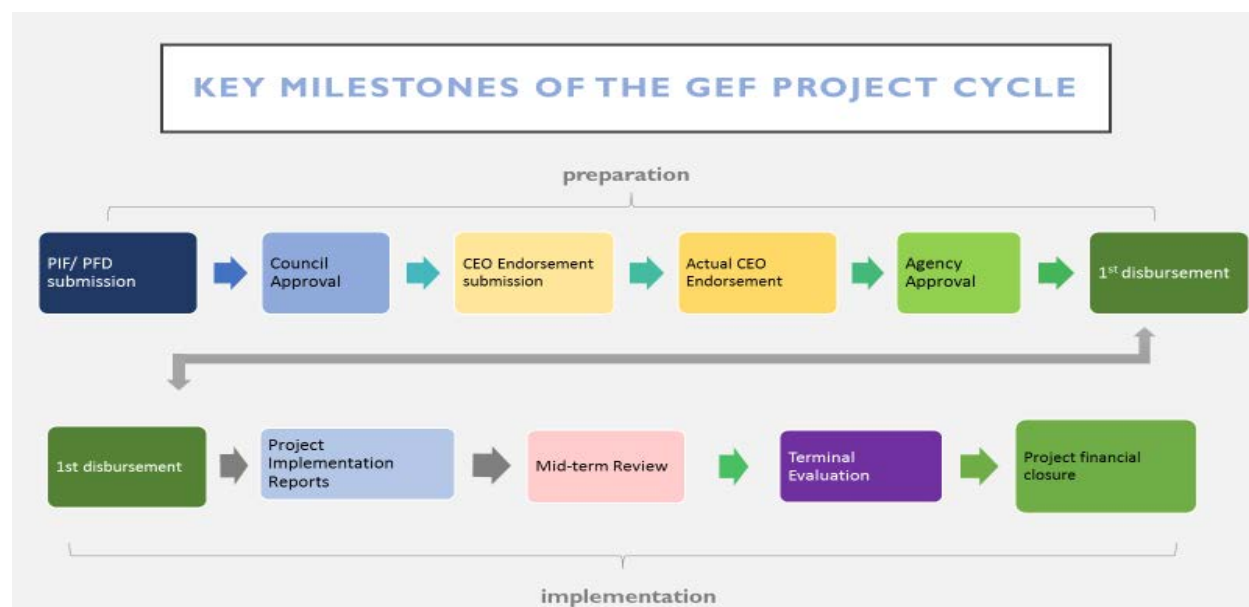
⁹ See GEF-7 Policy Recommendations in GEF/C.54/19/Rev.03, *Summary of the Negotiations of the Seventh Replenishment of the GEF Trust Fund* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.19.Rev_03_Replenishment.pdf)

¹⁰ *Joint Summary of the Chairs, 54th GEF Council Meeting, June 24–26, 2018* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54_Joint_Summary_of_the_Chairs_0.pdf)

GEF-7 replenishment process¹¹ as well as in the 2017 APMR¹². The analysis has also benefited from considerable input from, and intensive consultation with Agencies over the past 18 months.

38. This report takes a comprehensive view of the GEF project cycle, from identification to financial closure, with a focus on key decision points where improved performance can be incentivized. (Figure 13)

Figure 13: Key Milestones in the GEF Project Cycle



Project Preparation

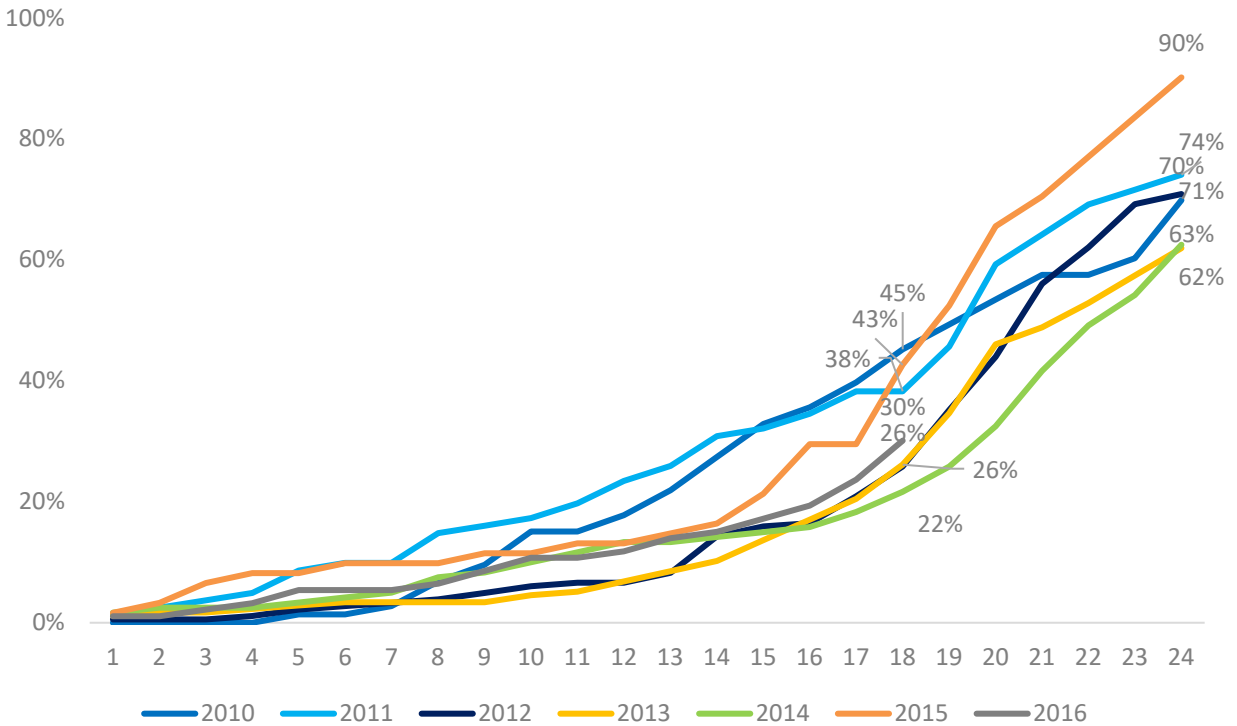
39. As of September 2018, the 2015 cancellation policy¹³ had seen full compliance in terms of the submission of FSPs for CEO Endorsement within 18 months from Council approval. The new cancellation rules also appear to have reduced the number of projects with very severe delays: after 24 months, 90% of projects approved by the Council in 2015 had received CEO Endorsement, compared with 62–74% of projects approved in 2010–14. Meanwhile fewer than half of all FSPs met the 18-month time standard for actual CEO Endorsement: of the FSPs approved by the Council in 2015 and 2016, 43% and 26%, respectively, received CEO Endorsement within 18 months. (Figure 14)

¹¹ See in particular pp. 171–176 in document GEF/R.7/06, *Programming Directions and Policy Agenda* (<http://www.thegef.org/sites/default/files/council-meeting-documents/GEF-7%20Programming%20Directions%20and%20Policy%20Agenda%2C%20Second%20Replenishment%20Mee...pdf>)

¹² GEF/C.53/03, *Annual Portfolio Monitoring Report 2017* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.53.03_APMR%2BScorecard.pdf)

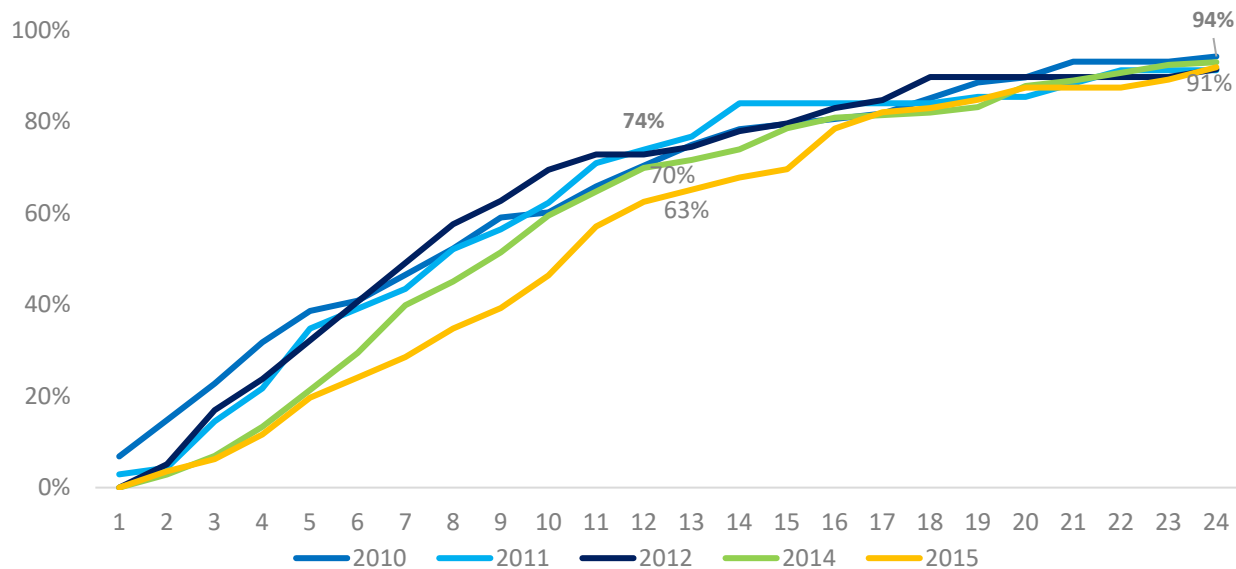
¹³ OP/PL/02, *Project Cancellation* (http://www.thegef.org/sites/default/files/documents/Project_Cancellation_Policy.pdf)

Figure 14: Share of FSPs by Months Elapsed from Council Approval to Actual CEO Endorsement (by Year of Council Approval as of September 2018)



40. After CEO Endorsement, it takes a long time for projects to begin implementation on the ground, as evidenced by a completed first disbursement. Of the FSPs that received CEO Endorsement in 2010–2015, between 26% and 37% had not completed their first disbursement within one year from CEO Endorsement. (Figure 15)

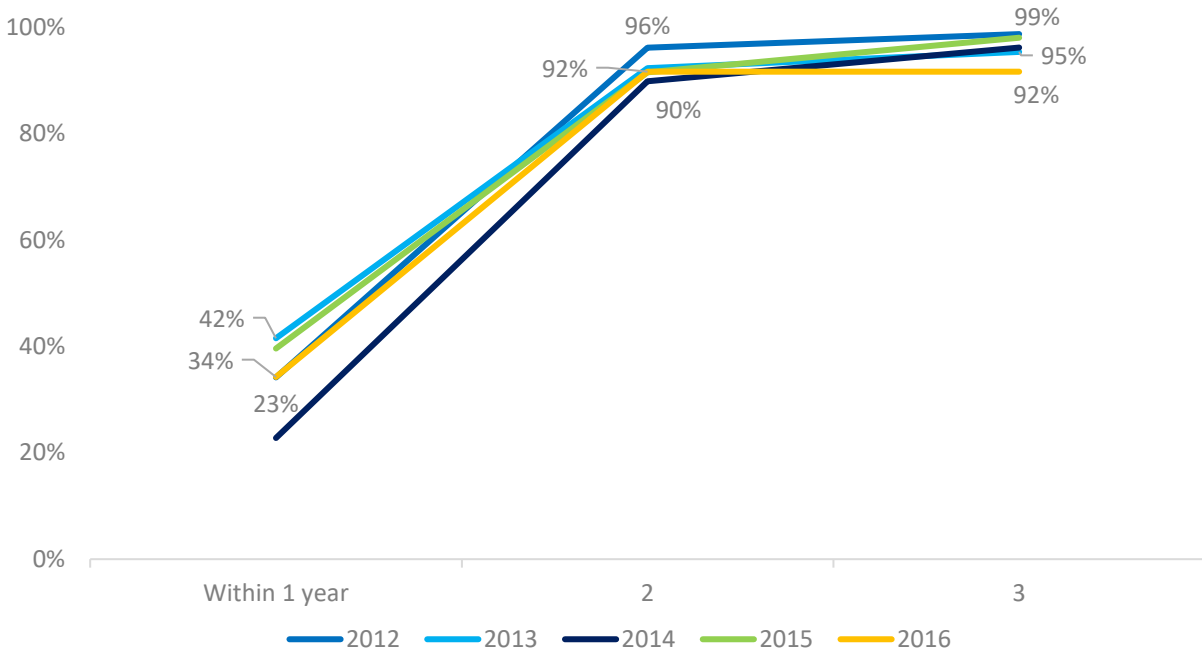
**Figure 15: Share of FSPs by Months Elapsed from CEO Endorsement to First Disbursement
(by Year of CEO Endorsement as of September 2018)**



Project Implementation and Compliance with Reporting Requirements

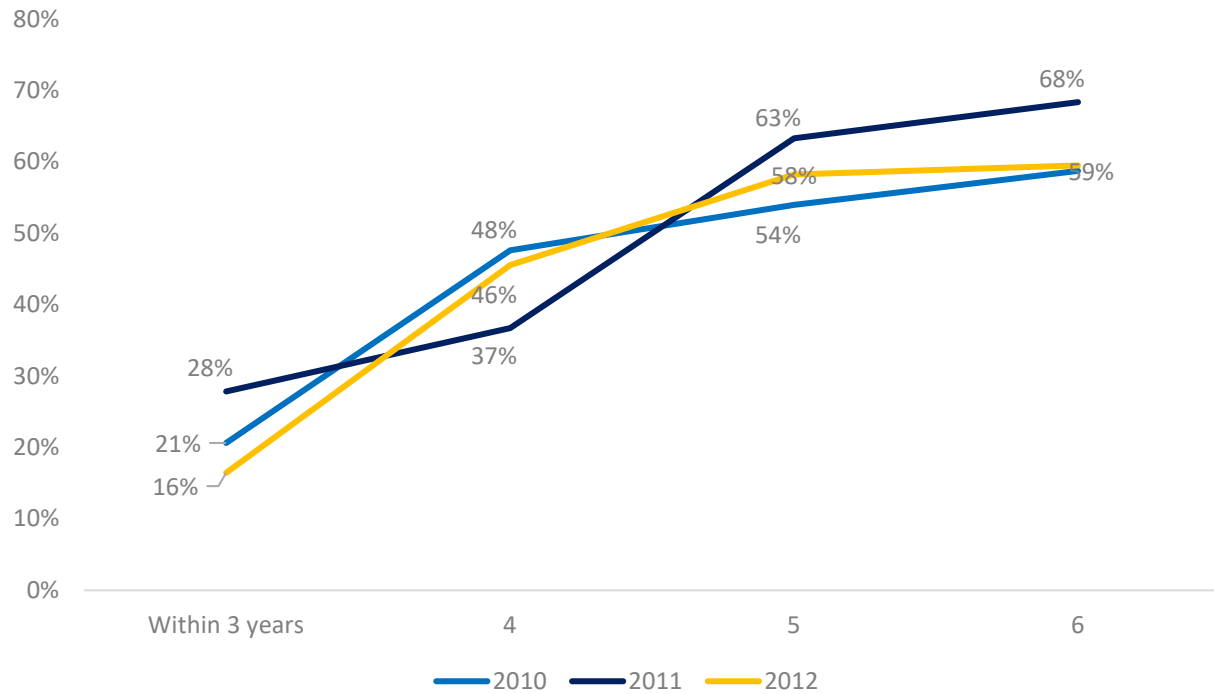
41. The latest available data suggests that there is considerable room for improvement in terms of the timeliness of project- and program-level reporting during implementation, and potentially with Agencies' compliance with GEF-specific reporting requirements. Of projects that completed a first disbursement in fiscal years 2012 to 2016, only between 23% and 42% submitted their first, annual project implementation report (PIR) within one year from first disbursement. (Figure 16)

**Figure 16: Share of Projects by Years Elapsed from First Disbursement to First PIR
(by Fiscal Year of First Disbursement as of November 2018)**



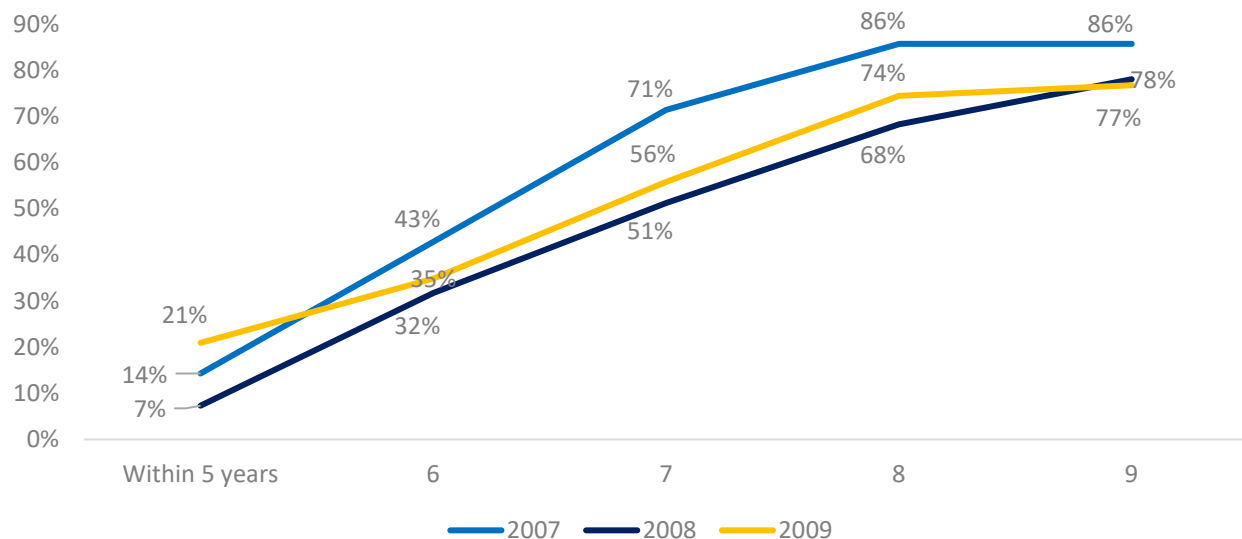
42. With respect to mid-term reviews (MTR), less than one third of FSPs submitted their MTRs within three years of first disbursement (Figure 17). Even after six years, on average more than 30% of FSPs that reported a first disbursement in FY08-12 had not submitted an MTR. MTRs are required for all FSPs and strongly encouraged for medium-sized projects (MSPs). MTRs are essential for adaptive management, particularly for projects that face implementation challenges, and they are a valuable reference for portfolio-level monitoring and learning.

**Figure 17: Share of Projects by Years Elapsed from First Disbursement to MTR
(by Fiscal Year of First Disbursement as of November 2018)**



43. As for project completion and the timely submission of terminal evaluations, the pattern is similar. Of projects with first disbursements in fiscal years 2007–2009, less than half submitted a terminal evaluation within six years from first disbursement, and after nine years between 14% and 23% of projects had not yet submitted their terminal evaluations. (Figure 18)

**Figure 18: Share of Projects by Years Elapsed from First Disbursement to Terminal Evaluation
(by Fiscal Year of First Disbursement as of November 2018)**

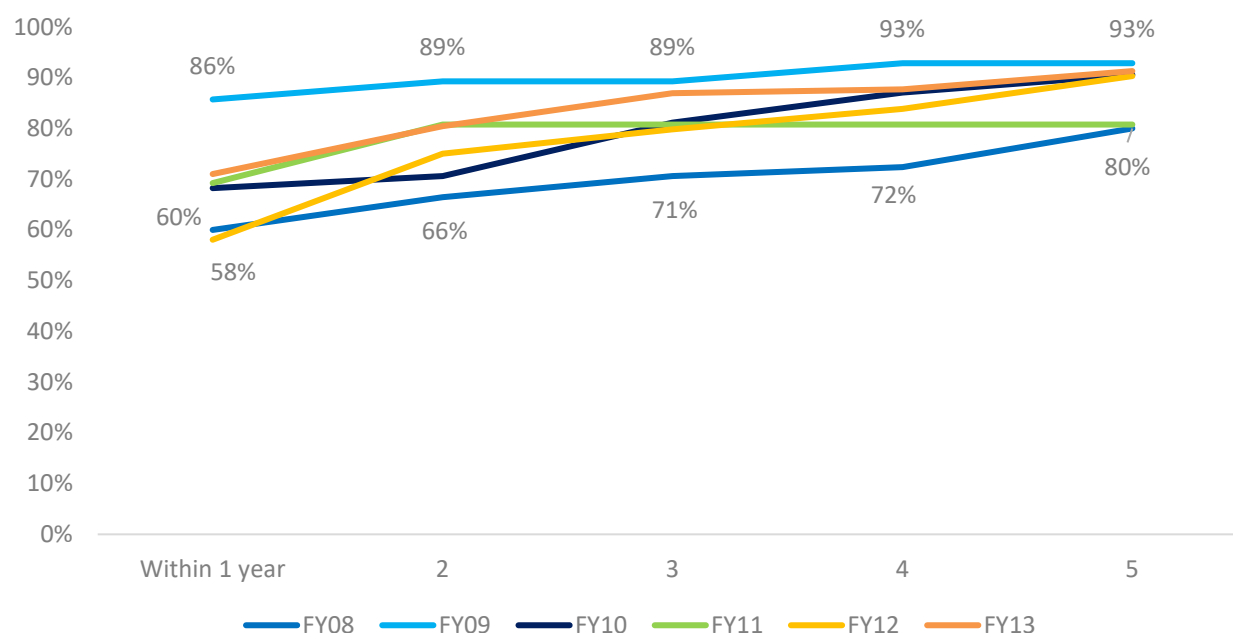


44. The track record of reporting during project implementation and at completion raises questions not only of the timeliness of implementation, but also of compliance with key reporting requirements.

Project Closure

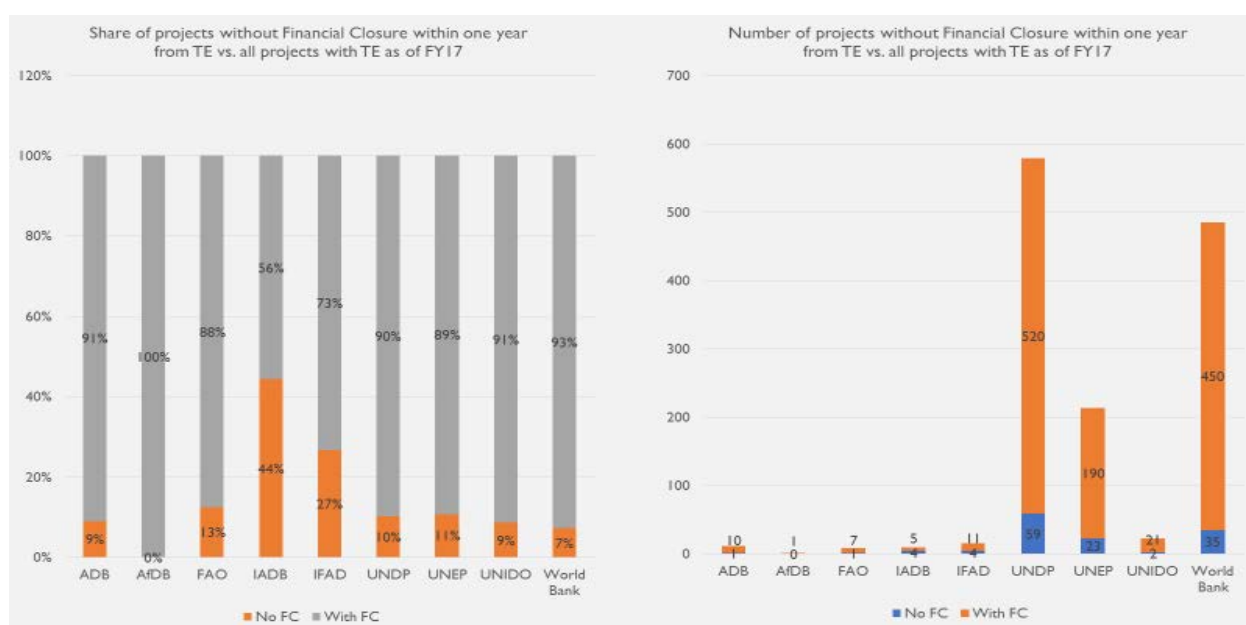
45. Apart from delays encountered during implementation, recent analysis by the Secretariat, the Trustee, and Agencies has found that a large share of projects are not financially closed in a timely manner. Of projects that completed their terminal evaluations in 2008–2013, between 14% and 42% had not been financially closed with the Trustee within one year from terminal evaluation, and after five years between 7% and 20% had still not been closed. As figure below presents, following terminal evaluation, many projects took three years or longer to complete financial closure with the trustee. (Figure 19)

**Figure 19: Share of Projects by Years Elapsed from Terminal Evaluation to Financial Closure
(by Year of Terminal Evaluation as of November 2018)**



46. For the Agencies with the largest and most advanced GEF portfolios, between 7% (World Bank) and 11% (UNEP) of projects had not been closed within one year from terminal evaluation (Figure 20).

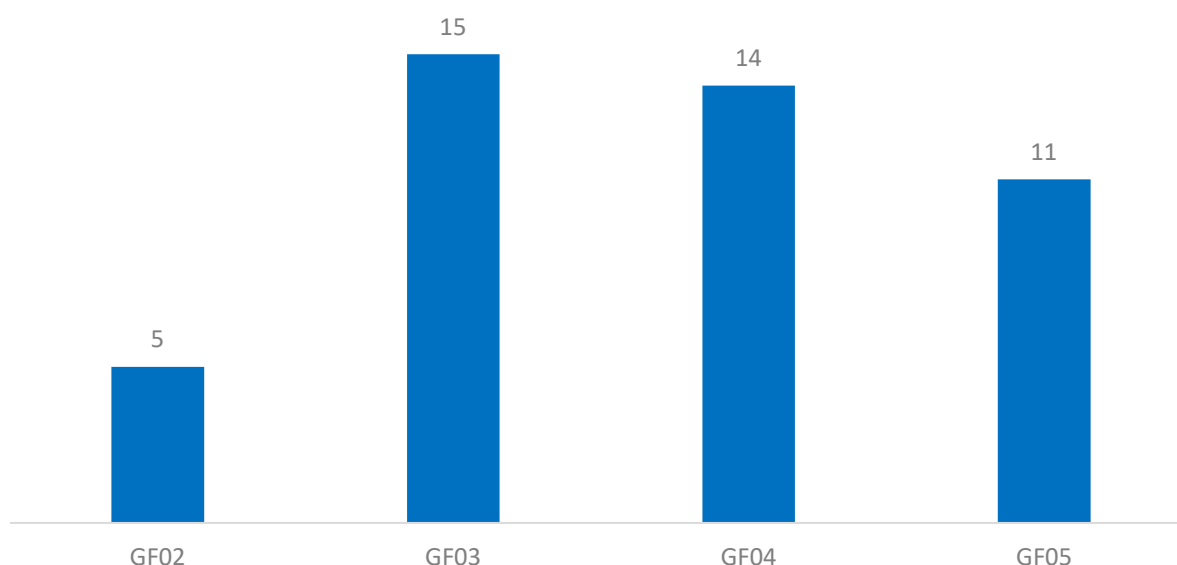
Figure 20: Share and Number of Projects Financially Closed Within One Year from Terminal Evaluation (by Agency, as of October 31, 2018)



Unused and Uncommitted Funds Set Aside for Old Programs

47. The Trustee and the Secretariat have identified a need to cancel several old programs, some dating back to GEF-2, for which funds remain set-aside but are no longer utilized. These unused and uncommitted program funds were overlooked in 2015 when the Council decided on a one-time cancellation of full-sized projects and medium-sized projects that were overdue for CEO Endorsement/ Approval¹⁴. As of October 2018, unused and uncommitted funds were set aside under 45 programs approved from GEF-2 to GEF-5. (Figure 21)

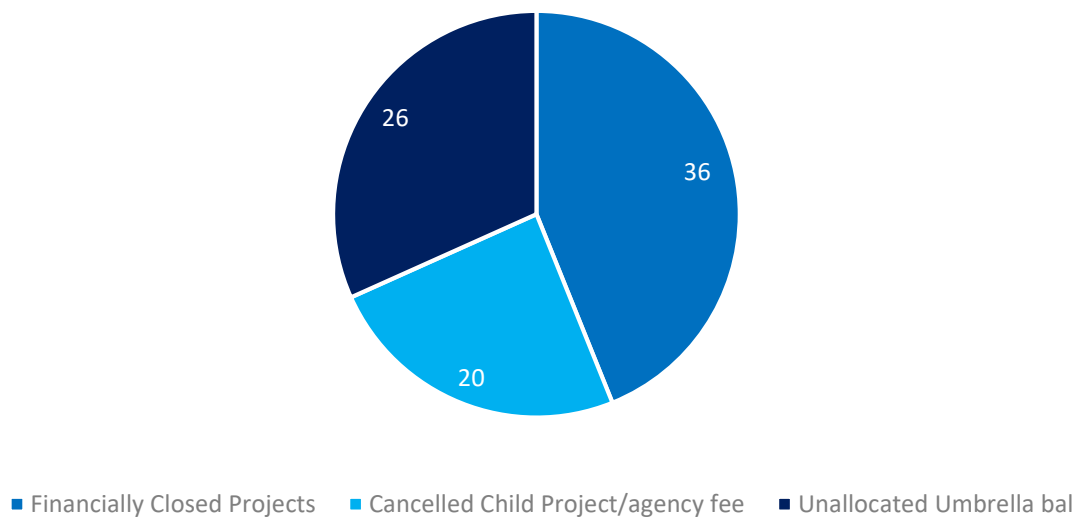
**Figure 21: Programs with Uncommitted/ Unused Funds
(Number of Programs by Replenishment Period, as of October 2018)**



48. Under the programs with unused or uncommitted balances, 36 child projects have been financially closed and the unspent funds have been returned to the program set-aside. Another 20 child projects have been cancelled, with associated unspent funds returned to the program set-aside. Finally, 26 child projects have not been submitted for CEO Endorsement. (Figure 22)

¹⁴ *Joint Summary of the Chairs, 48th GEF Council Meeting, June 2–4, 2015*
(http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.48_Joint_Summary_of_the_Chairs_v2_4.pdf)

Figure 22: Breakdown of Uncommitted and Unused Program Funds by Number of Child Projects (as of October 2018)



Overview of Proposed Policy Measures to Enhance Operational Efficiency, Transparency, and Accountability

49. In response to the issues identified above, the Secretariat, in document GEF/C.55/04, proposes policy measures to enhance operational efficiency, transparency, and accountability. These measures can be summarized as follows:

- (a) To ensure compliance with agreed time standards for project preparation, the Secretariat proposes amendments to the Cancellation Policy that would enforce actual CEO Endorsement of FSPs within 18 months of Council Approval, and actual CEO Approval of MSPs within 12 months of CEO PIF Approval. Projects that fail to meet these deadlines would be cancelled.
- (b) To accelerate project preparation and implementation, and to strengthen compliance with key reporting requirements, the Secretariat proposes amendments to the commitment schedule for Agency fees. The Agency fee for FSPs would be committed in three tranches: at Council Approval (20%), first disbursement (50%), and mid-term review submission (30%). For MSPs, the full fee would be committed at first disbursement. Currently, for FSPs as well as MSPs, the full fee is committed before implementation start.
- (c) To ensure that projects are financially closed and any unspent funds are returned in a timely manner, the Secretariat proposes an upper limit for closure at 12 months after terminal evaluation.
- (d) Finally, to ensure that any unused and uncommitted funds that are currently set aside for old programs are made available for programming elsewhere, the

Secretariat proposes a one-time cancellation of such funds consistent with the 2015 one-time cancellation of projects that were overdue for CEO Endorsement/Approval.

RETROSPECTIVE OF GEF-6 FUNDING APPROVALS, EXPECTED RESULTS AND PERFORMANCE

50. This section provides a retrospective overview of the GEF-6 portfolio, including funding approvals, expected results, and performance.

GEF-6 Funding Approvals

51. From July 1, 2014 to June 30, 2018, the Council and the CEO approved US\$3.4 billion towards 649 projects, including 346 full-sized projects (FSP), 153 medium-sized projects (MSP), and 150 enabling activities (EA). (Table 7)

Table 7: GEF-6 Funding Approvals at a Glance

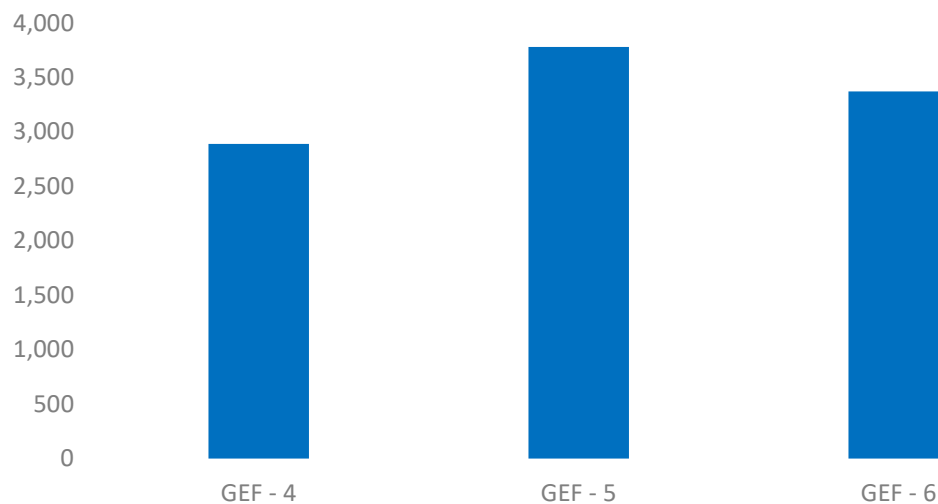
Number of Approved FSPs	346
Number of Approved MSPs	153
Number of Approved EAs	150
Total Number of Approved Projects	649
Approved GEF Project Financing (mUS\$)	3,042
Approved Project Preparation Grants (mUS\$)	53
Approved Agency Fees (mUS\$)	276
Total GEF-6 Funding Approvals (Excl. Admin Budgets)	3,371

52. From GEF-5 to GEF-6, funding approvals declined by about US\$409 (11%) million. The decline was driven primarily by the shortfall in available resources relative to the agreed GEF-6 replenishment target. According to the Trustee, the shortfall amounted to US\$426 million at the end of the replenishment period¹⁵. (Figure 23)

¹⁵

(http://fiftrustee.worldbank.org/SiteCollectionDocuments/GEF/Summary%20Status%20Reports/GEF_MR_07_18.pdf)

Figure 23: GEF Funding Approvals by Replenishment Period (mUS\$, as of June 30, 2018, excluding administrative budgets)



Contributions to Global Environmental Benefits

53. As of June 30, 2018, the projects and programs approved in GEF-6 were expected to meet or exceed five of the ten agreed GEF-6 targets for global environmental benefits. In some areas, such as sustainable land management, fisheries, and chemicals and waste, the aggregate expected results do not meet agreed targets as a result of the shortfall in available resources, country-level prioritization, and other factors. Figure 24 below shows the aggregate expected results of approved GEF-6 projects and programs across ten GEB indicators, and the extent to which those results meet agreed targets.

54. In total, 619 GEF-6 projects and programs provided expected results across one or more GEB indicators, representing 95% of all projects and programs approved in GEF-6. Of these projects and programs, 445 (72%) had received CEO Endorsement/ Approval.

55. With respect to certain indicators and targets, GEF-6 clearly illustrates the need to strengthen the methodologies and guidelines for the calculation of and reporting on the expected and achieved GEBs of GEF projects and programs. These lessons and experiences have been considered in the development of the GEF-7 results architecture, including the agreed targets, indicators, and methodologies¹⁶.

56. For example, aggregate expected results as of June 30, 2018 suggest that GEF-6 projects and programs were on track to delivering nearly double the target for CO₂e mitigated (750 million metric tons). The agreed target was based exclusively on the funds allocated to climate change mitigation. During GEF-6, however, it became evident that projects and programs with

¹⁶ GEF/C.54/11/Rev.02, *Updated Results Architecture for GEF-7* (http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.54.11.Rev_02_Results.pdf)




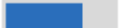



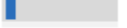


funds from other focal areas could contribute considerably towards climate change mitigation as a co-benefit. The total expected 1,470 million metric tons of CO₂e in Figure 24 includes 603 million from climate change mitigation projects and programs, 123 million from the Integrated Approach Pilot (IAP) programs, 213 million from the Sustainable Forest Management (SFM) program, 88 million from Non-Grant Instrument (NGI) projects and programs, and 443 million from other focal areas.

57. With respect to the GEB indicator of freshwater basins, the GEF-6 target was set for projects addressing transboundary freshwater basins that are implementing their Strategic Action Programs (SAPs). However, when Agencies applied this indicator in GEF-6 projects and programs, both SAP implementation activities and foundational activities in transboundary sub-basins were included. The foundational activities in transboundary sub-basins sometimes covered bi-/tri national aquifers, which significantly increased the number of basins relative to the agreed target.

58. As the GEF-6 portfolio matures, the Secretariat will report on the actual results of approved GEF-6 projects as they reach mid-term and completion, consistent with the requirements established as part of the GEF-7 results architecture¹⁷.

¹⁷ Ibid.

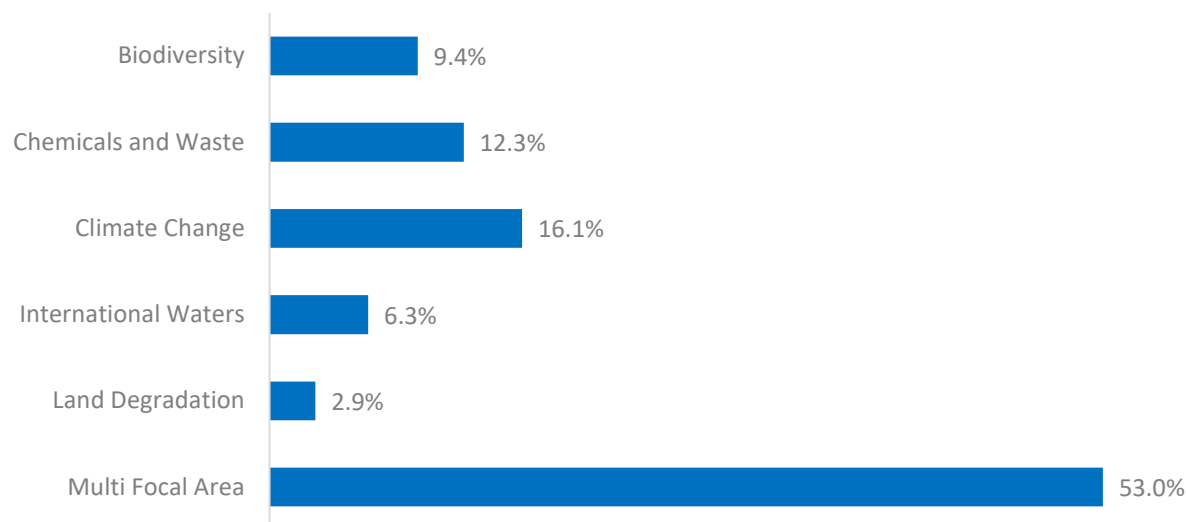
**Figure 24: Contributions to Global Environment Benefits
(approved GEF-6 projects and programs as of June 30, 2018)**

Results and Indicators	Target	Expected Results	
Maintain globally significant biodiversity and the ecosystem goods and services that it provides to society			
Landscapes and seascapes under improved management for biodiversity conservation (million hectares)	300	357	119% 
Sustainable land management in production systems (agriculture, rangelands and forest landscapes)			
Production landscapes under improved management (million hectares)	120	103	86% 
Promotion of collective management of transboundary water systems and implementation of the full range of policy, legal, and institutional reforms and investments contributing to sustainable use and maintenance of ecosystem services			
Number of freshwater basins in which water-food-energy-ecosystem security and conjunctive management of surface and groundwater is taking place	10	34	340% 
Globally over-exploited fisheries moved to more sustainable levels (percent of fisheries, by volume)	20	14	70% 
Support to transformational shifts towards a low-emission and resilient development path			
CO ₂ e mitigated (million metric tons)	750	1,470	196% 
Increase in phase-out, disposal and reduction of releases of POPs, ODS, mercury and other chemicals of global concern			
POPs (PCBs, obsolete pesticides) disposed (metric tons)	80,000	76,251	95% 
Mercury reduced (metric tons)	1,000	638	64% 
ODP (HCFC) reduced/phased out (metric tons)	303	26	9% 
Enhance capacity of countries to implement Multilateral Environmental Agreements (MEAs) and mainstream into national and sub-national policy, planning financial and legal frameworks			
Number of countries in which development and sectoral planning frameworks that integrate measurable targets drawn from the MEAs have been developed	10	15	150% 
Number of countries in which functional environmental information systems are established to support decision-making	10	19	190% 

GEF-6 Funding Approvals by Focal Area

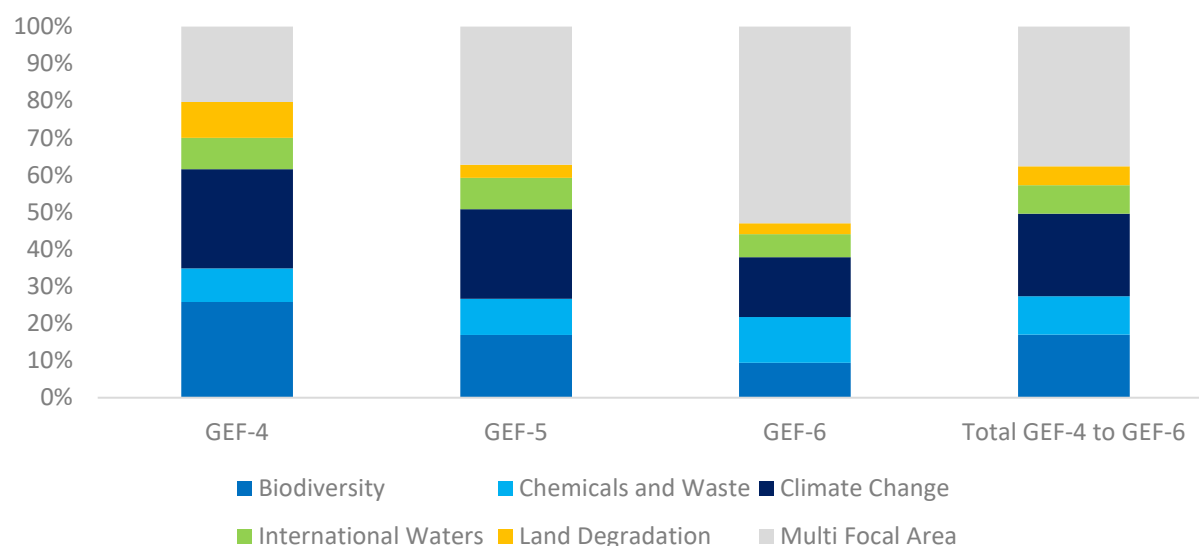
59. Multi-focal area projects and programs accounted for more than half of all funding approvals in GEF-6 (US\$1.8 billion or 53%). Of single-focal area projects and programs, climate change (16%), chemicals and waste (12%), and biodiversity (9%) received the largest shares of GEF-6 funding approvals. (Figure 25)

Figure 25: GEF-6 Funding Approvals by Focal Area (as of June 30, 2018)



60. The share of multi-focal area projects and programs has increased sharply from 20% in GEF-4 and 37% in GEF-5 (Figure 26).

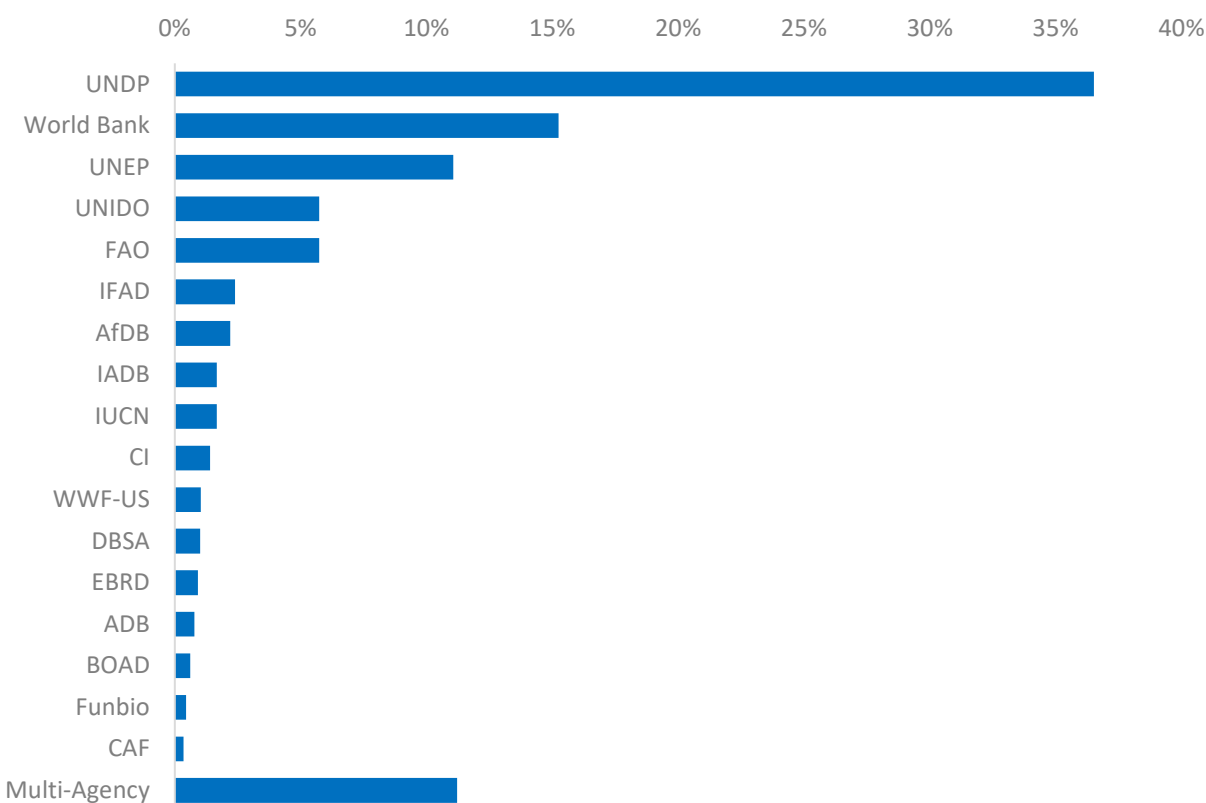
Figure 26: The Share of Multi-Focal Area Projects and Programs Increased Sharply from GEF-4 to GEF-6 (as of June 30, 2018)



GEF-6 Funding Approvals by Agency

61. As of June 30, 2018, 17 Agencies had at least one approved single-Agency project in GEF-6. UNDP received the largest share of GEF-6 funding approvals 37%, followed by the World Bank at 15%, and UNEP at 11%. Multi-Agency projects and programs accounted for 11% of all approvals. (Figure 27)

Figure 27: Share of GEF-6 Funding Approvals by Agency (as of June 30, 2018)



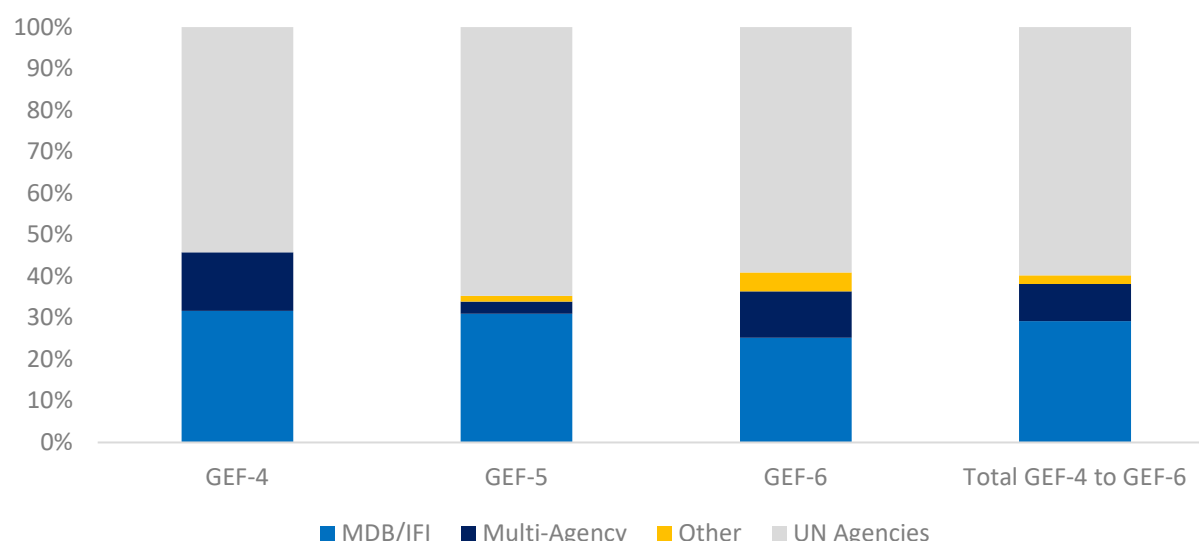
62. The share of funding approvals towards projects and programs implemented by multi-lateral development banks (MDB) and other international financial institutions (IFI)¹⁸ declined from 31% in GEF-5 to 25% in GEF-6. UN Agencies'¹⁹ share declined from 65% to 59%. In

¹⁸ For the purposes of this analysis, MDBs and IFIs include: the African Development Bank (AfDB), the Asian Development Bank (ADB), the West African Development Bank (BOAD), the Development Bank of Latin America (CAF), the Development Bank of Southern Africa (DBSA), the European Bank for Reconstruction and Development (EBRD), the Inter-American Development Bank (IDB), the International Fund for Agricultural Development (IFAD), and the World Bank.

¹⁹ UN Agencies include: The Food and Agriculture Organization of the United Nations (FAO), the United Nations Development Programme (UNDP), the United Nations Environment Programme (UNEP), the United Nations Industrial Development Organization (UNIDO).

contrast, other Agencies²⁰ and multi-Agency projects and programs accounted for an increasing share of approvals. (Figure 28)

Figure 28: MDBs' and IFIs' as well as UN Agencies' Share of Funding Approvals Declined from GEF-5 (as of June 30, 2018)



Allocation and Utilization of Resources

63. This sub-section considers the status of programming of GEF-6 resources against the agreed GEF-6 programming targets²¹ and countries' initial allocations under the System for Transparent Allocation of Resources (STAR).

Utilization of Initial STAR Country Allocations by Region

64. The system for transparent Allocation of Resources (STAR) is the GEF's performance-based framework for the allocation of resources from the GEF Trust Fund to countries over a replenishment period, for the biodiversity, climate change and land degradation focal areas²².

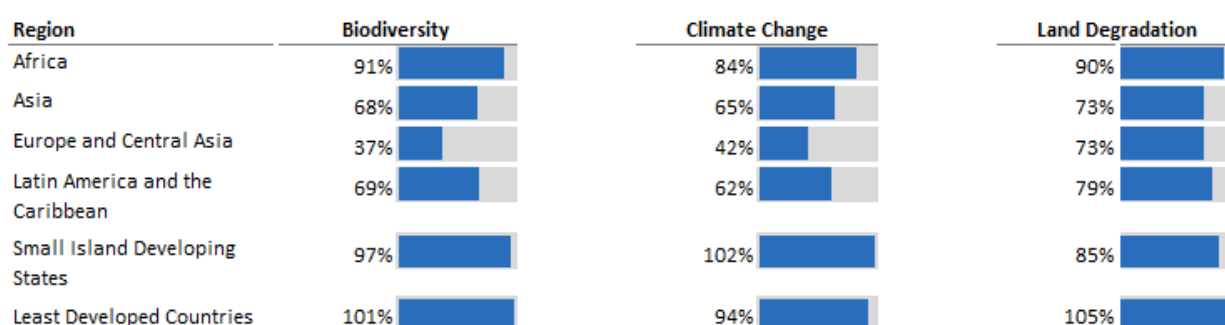
²⁰ Other Agencies include: Conservation International (CI), the Foreign Economic Cooperation Office, Ministry of Environmental Protection of China (FECO), the Brazilian Biodiversity Fund (FUNBIO), the International Union for Conservation of Nature (IUCN), and World Wildlife Fund (WWF-US).

²¹ The agreed GEF-6 programming targets can be found on pp. 219–220 in document GEF/C.46/07/Rev.01, *Summary of the Negotiations of the Sixth Replenishment of the GEF Trust Fund* (http://www.thegef.org/sites/default/files/council-meeting-documents/GEF.C.46.07.Rev_01_Summary_of_the_Negotiations_of_the_Sixth_Replenishment_of_the_GEF_Trust_Fund_May_22_2014_2.pdf).

²² GA/PL/01, Policy and Guidelines on System for Transparent Allocation of Resources (http://www.thegef.org/sites/default/files/documents/STAR_Policy_Guidelines.pdf)

65. Countries' utilization of their initial GEF-6 STAR allocations reflects the impact of the shortfall in available resources. In response to the shortfall, the Council agreed that "the Secretariat undertake programming aiming to maintain the balance among the original allocations in the GEF-6 replenishment decision, assisting least developed countries and small island developing states in accessing resources, and supporting core obligations to the conventions for which the GEF is a or the financial mechanism"²³. As a result, the Secretariat worked to ensure that least developed countries (LDC) and small island developing states (SIDS) could utilize their full initial STAR allocations, while other countries faced restrictions aimed at ensuring an equitable and transparent programming of available resources (Figure 29).

Figure 29: Utilization of Countries' Initial GEF-6 STAR Allocations by Region and Focal Area (as of June 30, 2018)²⁴



66. In GEF-6 countries with total initial STAR allocations of up to US\$7 million had full flexibility to shift resources from one focal area to another, while other countries could shift up to US\$2 million from one focal area to another. Overall, 98 countries – or 69% of all countries that had STAR allocation in GEF-6 – took advantage of the flexibility rules available to them, programming a total of US\$145 million in a focal area other than the one to which it was initially allocated (6% of total initial STAR country allocations). In particular, 60 of 75 SIDS and LDCs made use of flexibility. In SIDS, countries' use of flexibility resulted in a net increase in resources programmed in the climate change focal area, relative to countries' initial allocations. In LDCs, the use of flexibility resulted in a larger share of resources programmed for land degradation and biodiversity, at the expense of climate change.

²³ Joint Summary of the Chairs, 51st GEF Council Meeting, October 25–27, 2016

(http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.51_Joint_Summary_of_the_Chairs.pdf)

²⁴ Utilization may exceed 100% in a particular focal area as a result of countries' use of flexibility.

















Table 8: Utilization of Flexibility by Region and Focal Area (as of June 30, 2018)

Region	Number of countries using flexibility	Cross-focal area utilization (mUS\$)			Overall
		Net transfer to BD	Net transfer to CC	Net transfer to LD	
Africa	37	22	23	19	64
Asia	24	10	20	8	38
Europe and Central Asia	13	3	5	4	12
Latin America and the Caribbean	24	10	5	16	31
Small Island Developing States	34	17	31	16	64
Least Developed Countries	34	26	21	18	65
Overall	98	45	53	47	145

GEF-6 Funding Approvals Across Agreed Programming Targets

67. As a result of the funding shortfall, and in line with the approved approach to manage the available resources in GEF-6, the programming of GEF-6 resources across the agreed programming targets varied considerably from one programming line to another. In areas where programming was frontloaded, a higher share of resources was utilized. These include the Integrated Approach Pilot (IAP) programs, the Sustainable Forest Management (SFM) program, the Small Grants Program (SGP), and the Non-Grant Instruments (NGI). In other programming areas, actual programming fell short of the agreed GEF-6 targets. (Figure 30)

**Figure 30: Summary GEF-6 Funding Approvals Across Agreed Programming Targets
(as of June 30, 2018)**

	Target (USD millions)	Programmed (USD millions)	Utilization Rate
Focal Areas			
Biodiversity	1,101	827.3	75% 
Climate Change	1,130	744.1	66% 
Land Degradation	371	311.7	84% 
International Waters	456	347.4	76% 
Chemicals and Waste			
Persistent Organic Pollutants (POPs)	375	281.9	75% 
Mercury	141	160.7	114% 
Strategic Approach to International Chemicals Management (SAICM)	13	10.9	84% 
Ozone Depleting Substances (ODS)	25	11.1	44% 
Integrated Approach Pilot (IAP)			
Commodities	45	44.7	99% 
Sustainable Cities	55	55.0	100% 
Food Security	60	60.0	100% 
Sustainable Forest Management (SFM) Program			
	230	231.0	100% 
Non-Grant Pilot			
	110	109.3	99% 
Corporate Programs			
Cross-Cutting Capacity Development (CCCD)	34	27.3	80% 
Small Grants Program (SGP)	140	140.0	100% 
Country Support Program (CSP)	23	20.9	91% 

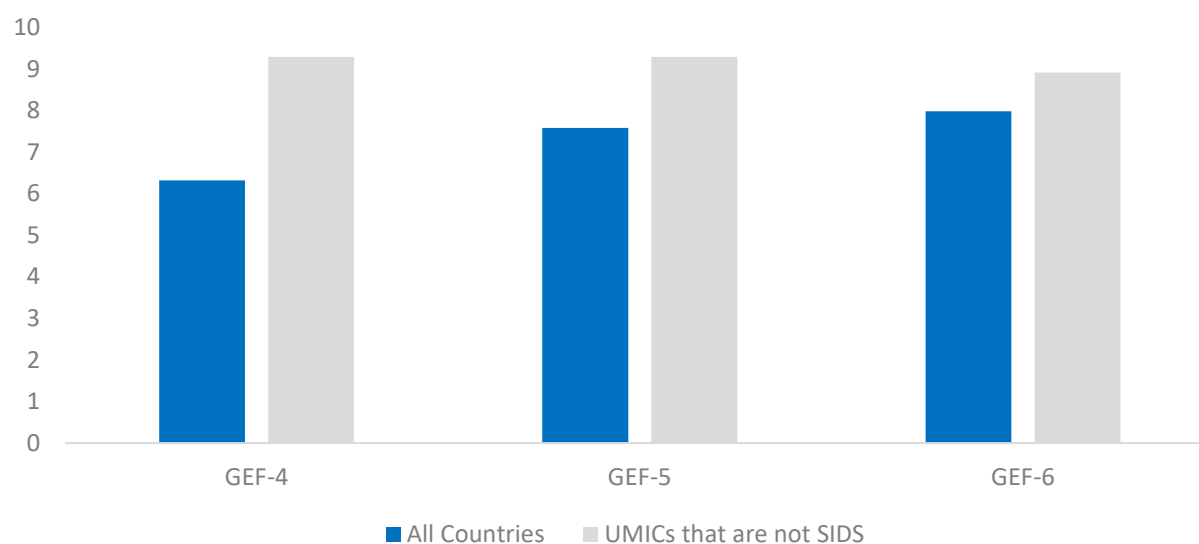
68. As shown above, the climate change focal area had a lower utilization rate (66%) compared with other focal areas. This is in large part due to the fact that LDCs and SIDS, which were allowed to utilize their full initial allocations, had smaller relative allocations for climate change compared with the countries whose STAR allocations were affected by the shortfall.

Co-Financing in GEF-6

69. As of June 30, 2018, GEF-6 projects were on track to exceed the ambition established in the previous, 2014 Co-Financing Policy, which called for a “the overall GEF portfolio to reach a co-financing ratio of at least 6:1, with expectations for greater co-financing in upper middle-income countries that are not SIDS”²⁵.

70. The 486 projects that had received CEO Endorsement/ Approval, with GEF project financing amounting to US\$2.1 billion, had mobilized US\$16.4 billion in confirmed co-financing, or US\$8 in co-financing for each dollar in GEF project financing, up from US\$7.6 in GEF-5. In UMICs that are not SIDS, each dollar in GEF project financing mobilized US\$8.9 in co-financing, a slight decline from US\$9.3 in GEF-5. One possible reason for the decline is that single-focal area climate change projects – which typically mobilize the highest levels of co-financing – declined from 31% to 17% of CEO Endorsed/ Approved projects in UMICs and SIDS. (Figure 31)

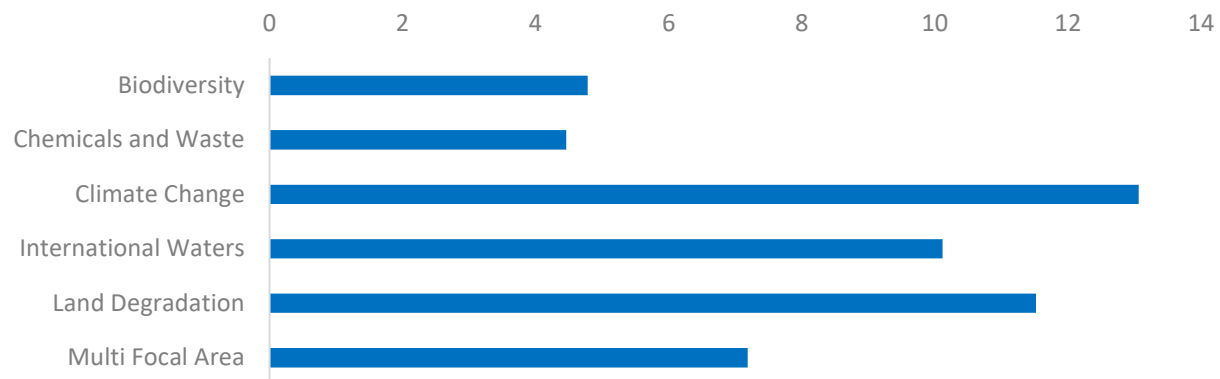
Figure 31: Ratio of Co-Financing to GEF Project Financing by Replenishment Phase (at CEO Endorsement/ Approval, as of June 30, 2018)



71. There is considerable variation in co-financing ratios across focal areas. Projects in the climate change, international waters, and land degradation focal areas had mobilized the highest levels of co-financing as of June 30, 2018 (Figure 32).

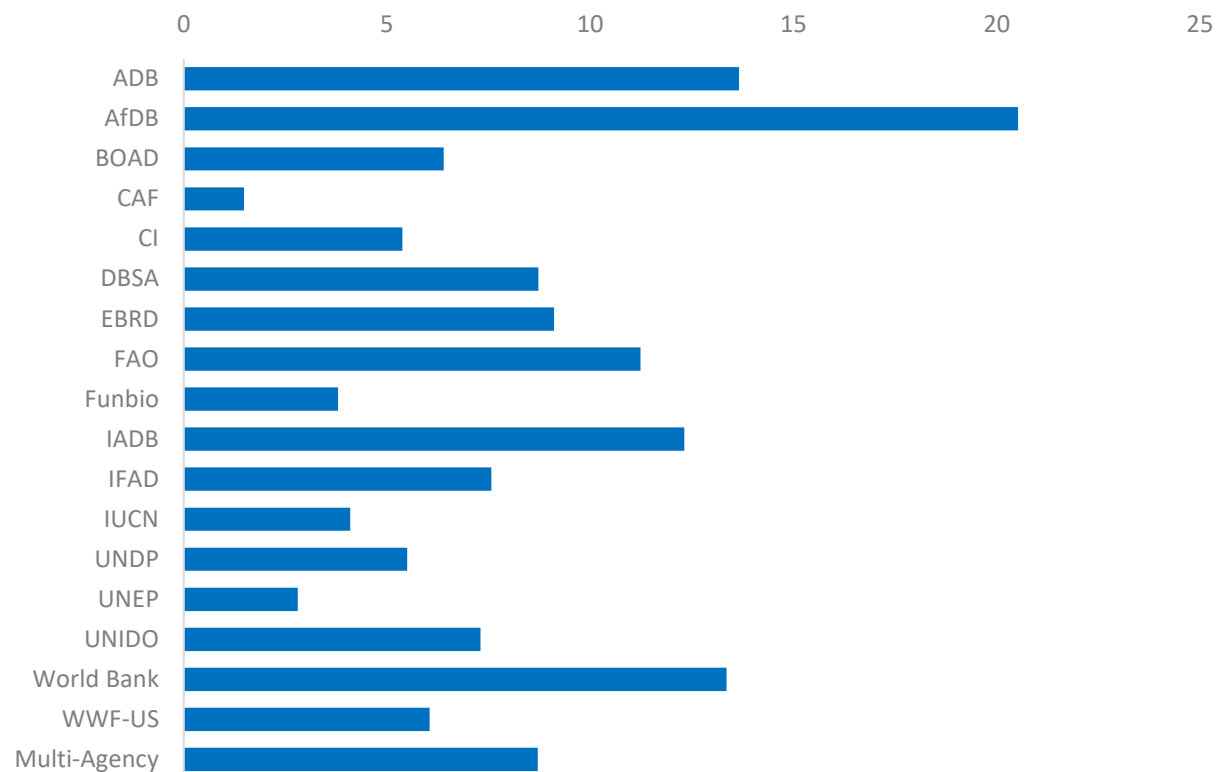
²⁵ GEF/C.46/09, *Co-Financing Policy* (http://www.thegef.org/sites/default/files/council-meeting-documents/GEF.C.46.09_Co-Financing_Policy_May_6_2014_2.pdf). It should be noted that the 2014 policy was superseded by a new Co-Financing Policy, effective on July 1, 2018 (FI/PL/01, http://www.thegef.org/sites/default/files/documents/Cofinancing_Policy.pdf).

Figure 32: Ratio of Co-Financing to GEF Project Financing by Focal Area (CEO Endorsed/ Approved GEF-6 Projects, as of June 30, 2018)



72. Among GEF Agencies, MDBs and IFIs – including in particular AfDB, ADB, the World Bank, and IDB – mobilized the highest levels of co-financing in GEF-6. As of June 30, 2018, MDBs and IFIs were implementing 29% of the projects that had received CEO Endorsement/ Approval, but they had mobilized 47% of all confirmed co-financing. (Figure 33)

Figure 33: Ratio of Co-Financing to GEF Project Financing by Agency (CEO Endorsed/ Approved GEF-6 Projects, as of June 30, 2018)



GEF-6 Projects Under Implementation

73. This section provides a brief overview of the progress and performance of the GEF-6 projects under implementation.

74. As of June 30, 2018, of 649 approved GEF-6 projects, 486 had received CEO Endorsement/ Approval, with funding approvals amounting to US\$2,057 million or 68% of total GEF-6 funding approvals. Of these, 309 had begun implementation, with approvals amounting to US\$1,415 million (47% of total), and 284 reported disbursements. (Table 9)

Table 9: GEF-6 Projects and Funding Approvals by Status (as of June 30, 2018)

	Number of Projects	Share of Projects	GEF Project Financing (mUS\$)	Share of GEF Project Financing
Approved Projects	649	100%	3,042	100%
Projects that Have Received CEO Endorsement/ Approval	486	75%	2,057	68%
Projects Under Implementation (actual start date before June 30, 2018)	309	48%	1,415	47%
Projects with Reported Disbursements	284	44%	1,141	38%

Disbursements Across GEF-6 Projects Under Implementation

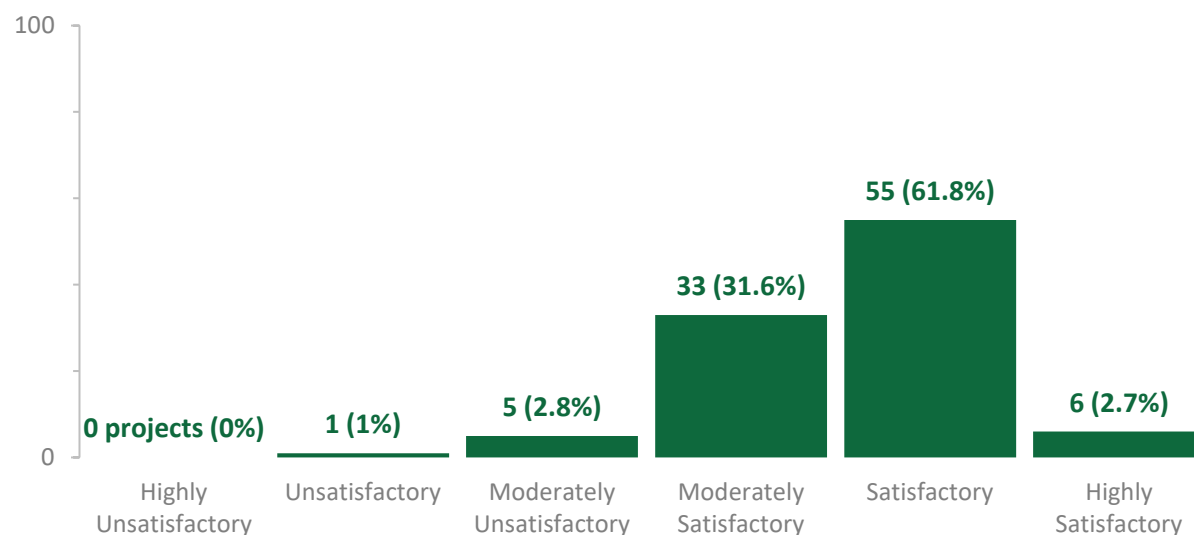
75. Of the 309 GEF-6 projects under implementation as of June 30, 2018, 284 reported cumulative disbursements as of June 30, 2018. GEF Project Financing approved towards these 284 projects amounted to US\$1,141 million, of which US\$249 million or 22% had been disbursed. Total cumulative disbursements across active GEF-6 projects thus amounted to about 8% of total approved GEF project financing.

GEF-6 Performance Ratings

76. Of the 499 FSPs and MSPs approved in GEF-6, 182 had been under implementation between 1 and 4 years as of June 30, 2018. Of these, 100 projects provided performance ratings.

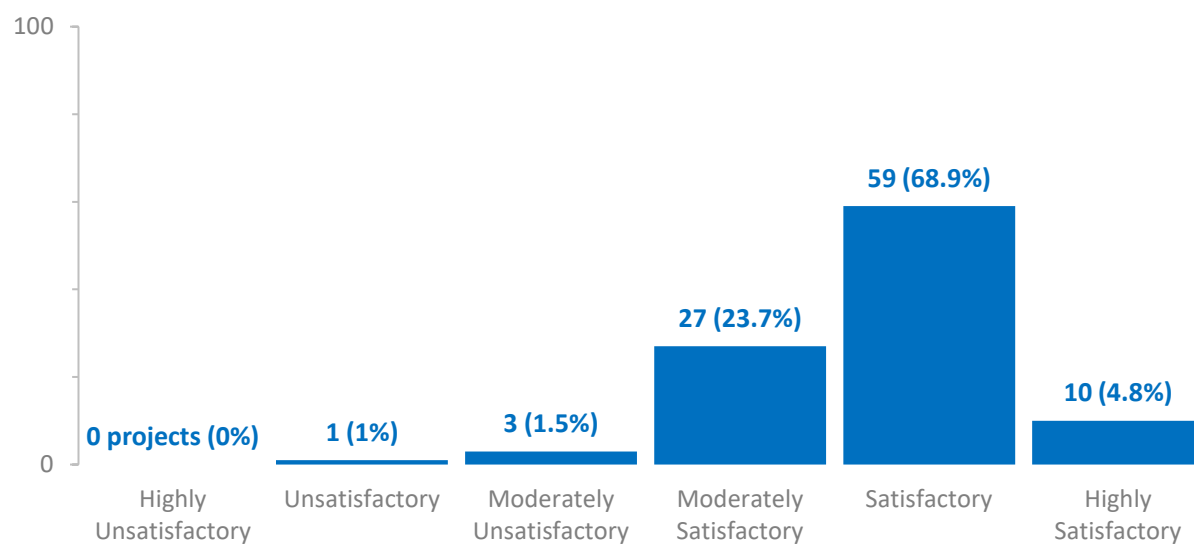
77. In terms of implementation progress, 94% of projects were rated moderately satisfactory or higher (Figure 34).

Figure 34: Implementation Progress Ratings for GEF-6 Projects (as of June 30, 2018)



78. In terms of progress towards development objectives, 96% of projects were rated moderately satisfactory or higher (Figure 35).

Figure 35: Development Objective Ratings for GEF-6 Projects (as of June 30, 2018)



ANNEX I: CUMULATIVE GEF PROJECT APPROVALS SINCE INCEPTION

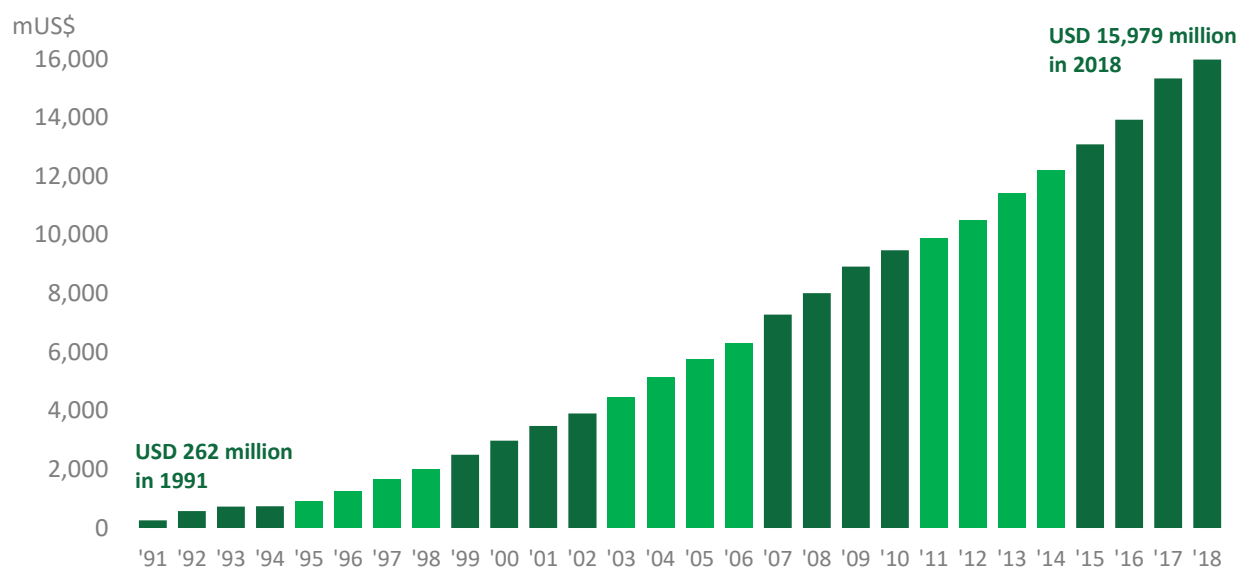
1. GEF funding approvals from inception to June 30, 2018 totaled US\$16 billion in GEF project financing and project preparation grants. Approved projects and programs had mobilized US\$92,268 million in indicative co-financing. In FY18, project approvals amounted to US\$676 million in GEF project financing for 183 projects: 90 full-sized projects, 62 medium-sized projects, and 31 enabling activities. Approvals include programs, enabling activities, project preparation grants, and the Small Grants Programme. (A1.1)

Table A1.1: GEF Cumulative Funding by Modality (as of June 30, 2018)²⁶

Modality	Amount (USD Million)
FSPs and MSPs	11,498
Programs	2,643
Small Grants Programme	937
Enabling Activities	520
Project Preparation Grants	380
Total	15,979

2. The cumulative funding approvals (excluding Agency fees) are presented in USD million from 1991 to 2018 in the Figure A1.1.

Figure A1.1: Cumulative Funding Approvals (as of June 30, 2018)



²⁶ The amounts include GEF Trust Fund projects and GEF portions of Multi Trust Fund projects including the agency fees.

ANNEX II: SMALL GRANTS PROGRAMME

Introduction

1. The GEF Small Grants Programme (SGP), implemented by United Nations Development Programme (UNDP), mobilizes bottom up actions on global environmental issues by supporting civil society organizations (CSOs) and community-based organizations (CBOs). SGP empowers these organizations, including women, indigenous peoples, youth, and persons with disabilities, through a decentralized delivery mechanism at the country level with dedicated GEF resources and leveraging co-financing from communities, governments, and other donors.

2. Started in 1992, SGP has expanded in coverage over the years and successive operational phases. The number of countries participating in the Programme has grown from 87 in the first 3 phases to 125 in GEF-6. Following a GEF policy of Upgrading introduced in 2010, 9 SGP country programmes were Upgraded at the start of GEF-5, while 6 were upgraded at the start of GEF-6²⁷. These 15 SGP countries are funded solely by STAR, while the other 110 countries fall under the **global Core funding** approved by Council at the beginning of a GEF cycle, which was \$140 million for GEF-5 and GEF-6 respectively.

3. During the reporting year (FY18) from 1 July 2017 to 30 June 2018, SGP provided GEF grant funding for 1,011 new projects. The reporting year coincides with SGP's extended period for its 5th Operational Phase and third year of its 6th Operational Phase. The total number of grant projects under implementation funded by GEF resources is 2,942 projects. During the reporting year, 1,005 GEF funded projects were completed.

SGP's portfolio monitoring and management system

4. UNDP, who oversees the implementation of the SGP global program as well as the Upgraded Country Programmes, has developed an approach for its portfolio monitoring and management that takes into consideration three levels: the project, the country, and the global levels. At the project level, grantees are encouraged to adaptively implement and monitor projects; at the country level, the SGP national team monitors project results as they relate to the indicators and targets established in the SGP Country Programme Strategies; and at the global level, SGP's Central Programme Management Team gathers information from countries and reports annually to the GEF and other partners on the results achieved by projects through the SGP's Annual Monitoring Report.

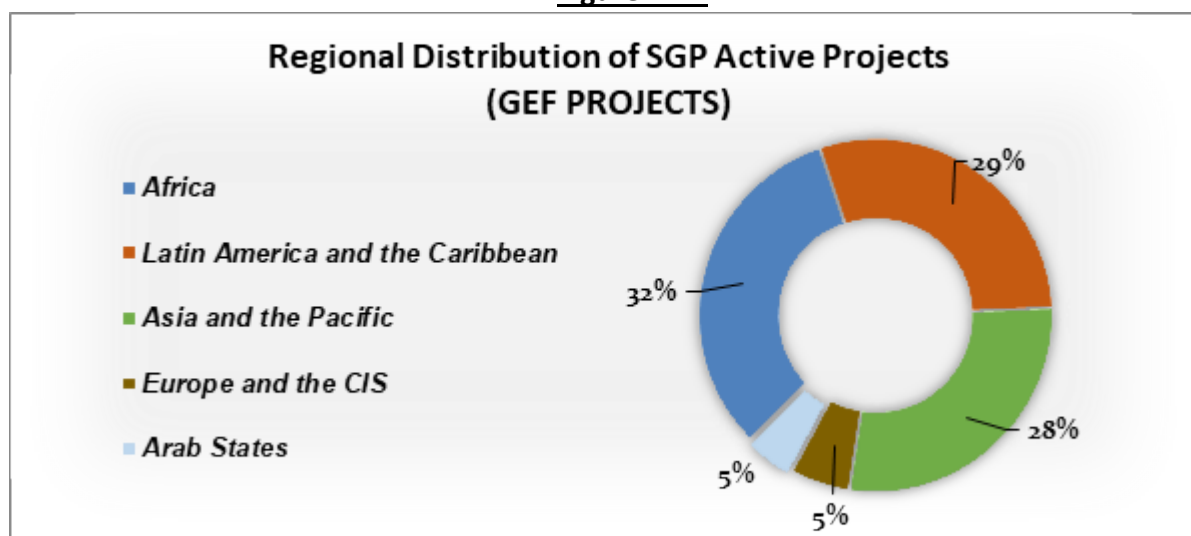
Regional and Country distribution

5. Among the 125 countries that were supported by SGP in FY18, 63% were least developed countries and small island developing states. In terms of regional distribution among the completed projects in FY18, Africa, and Latin America and the Caribbean hosted the largest

²⁷ For GEF-7, Malaysia fulfills the criteria for Upgrading.

share of grant funds at 32% and 30% respectively, followed by Asia and the Pacific at 28%, Europe and CIS at 5% and Arab States at 4%²⁸.

Figure A2.1

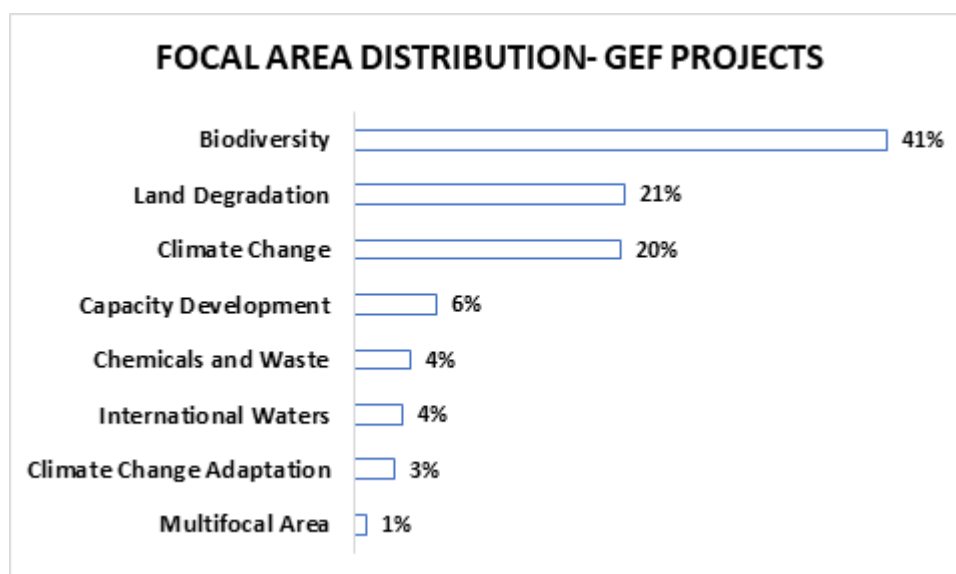


Source: Cohort of 2,942 GEF financed projects in FY18 (UNDP: SGP's Annual Monitoring Report: July 2017- June 2018)

6. The difference in the regional distribution derives largely from the number of SGP Country Programmes in the region, the STAR resources endorsed for SGP Country Programmes, and the fact that LDCs and SIDS received a proportionally larger allocation from the Core Funding in GEF-5 (69%) and GEF-6 (57%).

²⁸ The classification of regions reflects on UNDP's regional classification. The Arab region is comprised of 22 countries in Northern Africa, the Levant and the Arabian Peninsula stretching from the Atlantic Ocean to the Indian Ocean. Source: <http://www.arabstates.undp.org/content/rbas/en/home/regioninfo/>

Figure A2.2 Portfolio distribution by Focal Area²⁹



[Source: Cohort of 2,942 GEF financed projects. UNDP: SGP's Annual Monitoring Report \(July 2017- June 2018\)](#)

7. In FY18, with regards to focal area distribution of the completed SGP projects, the biodiversity focal area continued to account for the largest share of the portfolio (40%), followed by climate change mitigation (21%), land degradation (20%), capacity development (7%), chemicals and wastes (4%), and international waters (3%).

8. Projects under the biodiversity focal area supported improving sustainability of protected areas, mainstreaming biodiversity conservation and sustainable use in production landscapes/ seascapes and sectors, including concentrated efforts in establishing and managing Indigenous Peoples and Community Conserved Areas and Territories (ICCAs).

9. The climate change focal area projects supported decarbonization and low-carbon energy transformation at the community level through introduction of low-GHG technologies and low-carbon transport initiatives, including micro-hydro, wind, solar and biomass energy options. SGP continued to promote demonstration, development, and transfer of these low carbon technologies and innovations at the community level.

10. The land degradation focal area projects to support activities related to sustainable land management and agroecology mainly targeted rural communities that are highly dependent on agriculture and forest ecosystems.

11. The projects under the international waters focal area demonstrated community-based actions and practices in international water bodies in coordination with the GEF full size

²⁹ The capacity development for SGP was introduced in OP5 in alignment with the GEG-5 Cross Cutting Capacity Development (CCCD).

projects that focus on the implementation of the agreed Strategic Action Program, supporting 13 seascapes and inland freshwater landscapes.

12. The chemicals and waste focal area projects supported the reduction and elimination of release of harmful chemicals into the environment. Support has also been provided to establish and strengthen 35 national coalitions and networks to promote chemicals and waste management.

Socio-Economic Benefits

13. Socio-economic benefits of the projects (in 120 countries that reported data), such as improved livelihood and wellbeing of local communities plays a key role for sustainable natural resource management and generation of global environmental benefits. During the reporting year, efforts were noted across SGP's portfolio with 73% of country programmes employing strategies to increase and/or diversify income; 64% to increase food security; and 55% to increase access to markets.

14. In addition, SGP undertakes targeted efforts to support greater social inclusion, including women, indigenous peoples, youth, and persons with disabilities. Gender equality and women's empowerment continues to be a critical element of SGP efforts: of the projects completed, 34% were led by women; and 93% were reported as gender responsive.

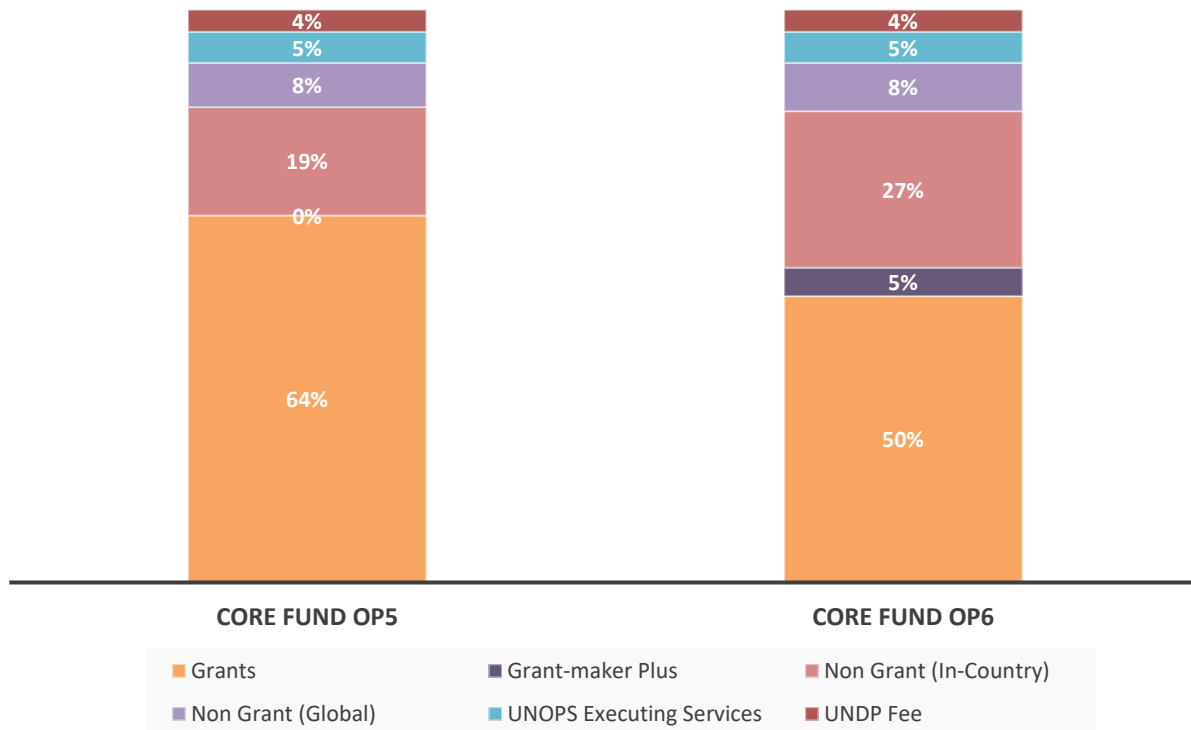
15. Projects led by and involving indigenous peoples have accounted for 22% of the portfolio. With SGP contributions, a total of 1,657 indigenous leaders were supported in building their capacities on project development and policy advocacy. Efforts continued to foster agility in SGP grant making with proposals accepted in local languages and the use of participatory mechanisms.

16. SGP also continued with inclusive investments that target the youth and persons with disabilities. Forty-five percent of all SGP projects included components of youth participation and leadership, while 307 youth organizations were supported to participate in environment and sustainable development policy processes. Finally, 39 organizations benefitting disabled persons received grants in SGP projects.

Utilization of SGP Funding

17. At the request of the GEF Secretariat, UNDP provided data on the use of the \$140 million approved as Core funds for GEF-5 and GEF-6 respectively. The purpose of the request was to identify the share of the funding that goes directly to projects led by CSOs and CBOs (grants) vis a vis other uses (non-grant). The chart below shows the percentages of funding allocated by category in these two phases. The proportion of Core funding going directly to CSO and CBO grants has decreased in comparison to the funding going to other uses, from 64% in GEF-5 to 50% in GEF-6.

Figure A2.3 Use of SGP Core Funds³⁰
(\$140 million per phase)
GEF5- GEF6



Source: GEF Secretariat with data on allocation of GEF Core funding provided by UNDP.

18. This decrease in the proportion should be considered in the context of the findings of the 2008 Joint Evaluation of the SGP which reported on findings regarding management costs of the SGP incurred in the Programme's Third Operational Phase (OP3)³¹. The 2015 Joint Evaluation of the SGP did not provide an analysis regarding the management costs in more recent phases.

³⁰ Notes: Grants: funds allocated to local civil society and community- based organizations in the form of grants. UNOPs Executing Services: Funding used to cover financial and administrative support to the country programmes. Grant-maker Plus: introduced in GEF-6 to cover activities from establishing and strengthening CSO networks, promoting CSO-government dialogues, leveraging knowledge, mobilization of resources and partnerships, and ensuring social inclusion of vulnerable groups. Non-Grant in country: used to pay salaries of the country-based staff in the 110 countries as well as other technical support to grantees, training, workshops and monitoring activities of the projects. Non-Grant Global: funding used to cover the salaries of the staff based in UNDP NY, travel, workshops, knowledge management, monitoring at the global level, trouble shooting, etc.

³¹ The 20018 Joint Evaluation also discussed the findings for OP2. <http://www.gefio.org/evaluations/joint-evaluation-small-grants-programme-sgp-2008>

19. The evaluation findings for OP3 was that the proportion of non-grants uses was 31%, to be compared to 36% in OP5 and 50% in OP6. Hence, there's a downward trend in the funds allocated to grants that are going directly to the CSOs and CBOs on the ground.

20. In view of this trend, the Secretariat has requested UNDP, at the time of the review of the PIF corresponding to the first tranche of the \$128 million of Core funding approved for GEF-7, to actively seek ways to maximize the proportion of funding going to CSO and CBO grants and to report on this at CEO Endorsement stage.