



# Global Environment Facility

## Summary of Document GEF/ME/C.28/2/Rev.1

### Annual Performance Report 2005

#### Recommended Council Decision

The Council, having reviewed the document GEF/ME/C.28/2 *Annual Performance Report 2005* endorses its recommendations and request that the GEF Evaluation Office report on the follow-up of the following three decisions:

- The GEF Secretariat should redraft project review guidelines and standards to ensure compliance with the new M&E minimum requirements. Further consideration should also be given to ways to enhance the contribution of STAP reviews during the process.
- The GEF Secretariat should support Focal Area Task Forces with corporate resources to continue the development of indicators and tracking tools to measure the results of the GEF operations in the various focal areas.
- The GEF Secretariat reviewers should appraise the candor and realism of project risk assessment in the project reviews.

GEF partner agencies need to continue to follow-up on the recommendations made in last year's APR regarding the need to improve terminal evaluation reports.

#### Executive Summary

1. This is the second Annual Performance Report (APR) that the GEF Evaluation Office presents since the GEF Council approved the transfer of responsibility for monitoring to the implementing agencies and the GEF Secretariat. This has allowed the Office to focus more on assessing results of the GEF activities and overseeing monitoring and evaluation operations across the GEF. The higher quality of terminal evaluations submitted by the implementing agencies in FY 2005 also allowed the Office to assess the extent to which the projects are achieving their objectives. Furthermore, processes that affect project results and M&E arrangements are reported on in the APR.

2. The findings presented have several limitations. Most findings are based on the terminal evaluation reviews, which are based on the information provided by terminal evaluation reports. This introduces uncertainty into the verification process, which is mitigated by incorporating in the terminal evaluation reviews any pertinent information that has been independently gathered

through other evaluations. The Office is also seeking to improve the independence of terminal evaluation reports by more fully involving the central evaluation units of the partner agencies in the process.

3. Project outcomes and sustainability is one of the topics addressed this year for the first time. A high proportion of recently terminated projects, both in terms of the number of projects and the financial resources allocated to these projects, were rated as marginally satisfactory or higher. This is in itself a positive finding, although at the moment based on a limited number of projects. A more representative assessment of the result of GEF projects will be possible as information on more projects becomes available for analysis in the coming years. It should also be mentioned that deficient project and program monitoring across the GEF system hampers efforts to aggregate results. Only by putting in place robust M&E systems at the project and program levels, will the GEF will be able to demonstrate the extent of its contributions towards addressing critical global environmental problems.

4. The APR contains the following conclusions:

- a. Most of the completed GEF projects that were assessed this year have acceptable performance in terms of outcomes and sustainability.
- b. Projects that were examined have realized almost all co-financing promised at the project inception, except for global projects and those in Africa.
- c. Excessive delay in project completion is associated with lower performance in terms of outcomes and sustainability.
- d. The quality of monitoring is showing signs of improvement. However, there is significant room for further improvement.
- e. A substantial proportion of projects did not meet the 2003 minimum M&E requirements “at entry” and would not have met the new minimum M&E requirements of the new M&E policy.
- f. There are gaps in the present project review process. Consequently, M&E concerns are not being adequately addressed.
- g. The present project-at-risk systems at the partner agencies of the GEF vary greatly and may have to address issues such as insufficient frequency of observations, robustness and candor of assessments, overlap and redundancy, and independent validation of risk.
- h. Overall quality of terminal evaluations is improving. However, there are still some areas where major improvements are necessary.

5. The following recommendations are formulated:

- a. The GEF Secretariat should redraft project review guidelines and standards to ensure compliance with the new M&E minimum requirements. Further consideration should also be given to ways to enhance the contribution of STAP reviews during the process.

- b. The GEF Secretariat should support Focal Area Task Forces with corporate resources to develop indicators and tracking tools to measure the results of the GEF operations in the various focal areas.
6. The Office will issue guidelines on the minimum requirements and how they will be evaluated in the coming APRs. The Office will carry out another assessment of the M&E quality assurance systems in the coming years to follow up on the progress in implementation of the 2006 GEF M&E Policy. It will also give attention to M&E during project implementation to ensure that the GEF M&E requirements are being honored both at entry and during project execution.
7. In future assessments of the project-at-risk systems of the partner agencies, the Office will include an assessment of the actual internal reports to determine the degree of compliance with the formal procedures of the project-at-risk system design.
8. The present analysis of the links between the promised level of co-financing and outcome or sustainability is inconclusive. While the analysis of the full set of projects does show an inverse relationship between levels of co-financing and outcome or sustainability ratings, the relationship does not hold when the outliers are dropped from the analysis. However, there might be a point beyond which a higher level of promised co-financing could be associated with a higher risk of a project losing sight of the GEF objectives. As the number of projects with terminal evaluations increases, it will be possible to draw more robust inferences.
9. The first exercise to track the rate of adoption of Council decisions on evaluation reports through the **Management Action Records** (MARs) has been a mixed experience, which will need to be improved the next time the MARs will be presented to Council in June 2007. Differences of interpretation on how adoption should be rated caused delays on the GEF Management side, which meant that the Office received the MARs too late to verify the ratings of Management. On the basis of other evaluations and insights through the consultative process, the Office has indicated how it perceives the rate of adoption so far. The Office is confident that with the experience gained during the process it will be possible to present verified ratings to Council in June 2007. The MARs have been published as an information document for Council (GEF/ME/C.28/Inf.2, May 2006).
10. On one rating, verification was possible. In the MAR of the 2004 APR, Management assesses as “medium” the rate of adoption of the Council decision in June 2005 that the transparency of the GEF approval process needs to be improved. A medium rate means that there has been “some adoption in operational and policy work, but not to a significant degree in key areas”. This assessment is based on the work that has been done to upgrade the Management Information System of the GEF. Given the evidence that the Office has gathered in the field visits of the Country Portfolio Evaluation and the Joint Evaluation of the GEF Activity Cycle and Modalities, the Office has been able to verify this assessment and it has downgraded the rate of adoption to “negligible”. Information on where projects are in the approval process is still not available in a systematic way. For project proponents on the country level, nothing has changed since the decision of Council in 2006. The Country Portfolio Evaluation in Costa Rica proposes to Council to reinforce its decision of last year – the MAR on the 2004 APR underscores the need for this reinforcement.