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MANAGEMENT RESPONSE TO THE GEF ANNUAL PERFORMANCE REPORT (2004)

**(Prepared by the GEF Secretariat and the
GEF Implementing Agencies)**

INTRODUCTION

1. We welcome the presentation of the 2004 APR. Its preparation reflects very considerable efforts by the Office of M&E, building upon the M&E systems of the Implementing Agencies. The 2004 APR provides a series of useful insights to assess the dissimilar building blocks it uses: (i) a One-time Study on Elapsed Times in the Preparation of GEF Projects, (ii) Quality of Terminal Evaluation Reports, and (iii) Quality of Project M&E Systems. As such, it represents an improvement over previous versions and could be the first in a series of more useful annual APRs.
2. An important consideration in the 2004 APR is the analysis of time-lags. A lag exists between the results of M&E studies and the time when results of adjusted practices can be seen in the portfolio. For example, many findings that apply to projects at entry cannot be seen in the portfolio immediately; instead, the test of whether or not these findings have been incorporated in project design can only be seen in cohorts representing new project entries only, since results cannot influence project design retroactively. Analysis by cohort should be used whenever possible as is has been done here.

ELAPSED TIME IN THE PREPARATION OF GEF PROJECTS

3. This is a useful and well designed one-time study that provides important and balanced findings regarding the causes for delays in GEF project preparation, even though it downplays important sources of delay, such as the time it takes to obtain endorsement letters from focal points, and the significance of the additional time required for GEF specific processes together with the innovative characteristics of many GEF projects that can require additional time for design.
4. We agree with the recommendation for better delineation of roles, including focusing Council priorities on policy and program matters rather than project reviews. The increased technical scrutiny by Council often duplicates the technical review functions of the IA safeguard teams as well as the GEF Secretariat.
5. We also agree with the need for increased transparency of the approval process, including the exploration of alternatives such as internet-accessible databases, as well as an active management approach to the project approval process. Some IAs, however, have pointed that the client-oriented nature of projects preparation makes the process quite transparent already.

THE QUALITY OF TERMINAL EVALUATION REPORTS

6. This important section develops a robust methodology to assess the quality of the terminal evaluations conducted by the Implementing Agencies, although we question the validity of applying such methodology retroactively. Such methodology is useful to track the quality of terminal evaluations over time and if it is to be used in the future, this needs to be communicated to the IAs explicitly. In addition, we note that the small sample size

limits the validity of statistical analyses on these results. We agree with the OME that the observed decrease in UNDP ratings, for example, cannot necessarily be considered a trend because the sample size is based on six terminal evaluations only.

7. It is possible to summarize the results of the terminal evaluations by analyzing the data in Annex 3 (page 65). We present a summary here to facilitate the review by the reader:

Rating	Achievement of Objectives	Sustainability
Good or Better	19	21
Less than Good	3	2
Not Ranked	3	2
Total	25	25

8. As can be seen from the table, 86% of projects with ratings have a “good or better” rating in achievement of objectives, and 91% of projects have a “good or better” rating for sustainability. In the future, it would be important for the APR to concentrate on analyzing and discussing such substantive issues.

THE QUALITY OF PROJECT M&E SYSTEMS

9. This is another useful section that summarizes and discusses the quality of M&E systems used by the IAs at the project level. We agree that there has been a marked improvement in the number of projects with adequate M&E systems, as well as the quality of such systems. Although the report calls for further improvements, it is important to point out that many remaining weaknesses are germane to some of the focal areas and cannot be attributed to the GEF alone. For example, measuring biodiversity impacts is impossible given the current levels of scientific uncertainty; instead, it is widely accepted that certain outcomes can be used as strong proxies for impacts, such as the presence of effective managed protected areas, maintenance of habitat integrity, etc.

CONCLUSIONS

10. The 2004 APR is a useful and welcome step in the direction of better characterizing the GEF portfolio.

11. In the future, the APR needs to be complemented by a serious effort at portfolio-level monitoring of outcomes and whenever possible, impacts. The establishment of the independent Office of Monitoring and Evaluation provides an opportunity for the GEF Secretariat to provide greater leadership in the area of portfolio-level monitoring. Under an ideal “division of labor” system among GEF entities, IAs can be responsible for project-level quality and monitoring, while the GEF Secretariat can concentrate on portfolio-level strategic issues and monitoring. Such a division of labor (repeatedly called by various M&E studies) will also help streamline the project cycle by avoiding overlap of the review functions at project entry.

12. The GEF Secretariat wishes to advance such thinking, and working through the Focal Area Task Forces, will apply portfolio-level monitoring results in 2005, on a pilot basis, and possibly starting with the biodiversity focal area.