Summary of Document GEF/ME/C.31/1

GEF Annual Performance Report 2006

Recommended Council Decision


(a) UNDP and UNEP should involve social and institutional expertise in project supervision where appropriate;

(b) Special attention is required to ensure continued and improved supervision by the GEF Agencies during implementation of projects and adequate funding should be provided for this supervision from the project fees;

(c) UNEP should develop a systemic approach to supervision of its GEF portfolio;

(d) All GEF agencies should ensure that terminal evaluation reports include adequate information on sustainability of outcomes, quality of M&E systems and reporting on co-financing, in line with the minimum requirements for project evaluation in the GEF M&E Policy.

The GEF Evaluation Office is encouraged to continue developing the Annual Performance Report, so that in future years it will include an Agency Performance Matrix as required in the GEF-4 policy recommendations.

EXECUTIVE SUMMARY

1. This Annual Performance Report (APR) presents an account of some aspects of project results, of processes that may affect project results, and of M&E arrangements in completed projects. Following on previous APRs, this year report includes information on GEF project outcomes, sustainability, co-financing, quality of M&E and quality of Terminal evaluations. It also looks for the first time at the quality of supervision of GEF projects by the respective implementing agencies.
2. The findings presented have several limitations. Most are based on the terminal evaluation reviews, which are in turn based on the information provided by terminal evaluation reports. This introduces uncertainty into the verification process, which the Evaluation Office seeks to mitigate by incorporating in its reviews any pertinent information it has independently gathered through other evaluations. The Evaluation Office is also seeking to improve the independence of terminal evaluation reports by more fully involving the central evaluation units of partner agencies in the process.

3. The APR contains the following conclusions:
   a. Completed GEF projects remain on target to achieve the 75% satisfactory outcomes as agreed upon in the GEF-4 replenishment agreement.
   b. The materialization of co-financing is on track.
   c. UNEP does not adequately supervise two thirds of sampled projects, although improvements have been achieved after the appointment of a portfolio manager. Fiduciary requirements are generally met.
   d. Portfolio monitoring by the GEF agencies tends to rate projects fully satisfactory despite important problems noted in the monitoring information on the same projects.
   e. UNDP and UNEP do not sufficiently involve social and institutional specialists during supervision where this would have been appropriate.

4. The following recommendations are formulated:
   a. UNDP and UNEP need to involve social and institutional expertise in project supervision where appropriate.
   b. Special attention is required to ensure continued and improved supervision in the new project cycle, through ensuring adequate funding from project fees.
   c. UNEP should develop a systemic approach to supervision of its GEF portfolio.
   d. All GEF agencies will need to ensure that terminal evaluation reports include adequate information on sustainability of outcomes, quality of M&E systems and reporting on co-financing, in line with minimum requirement 3 of the GEF M&E policy.

5. The Evaluation Office has found a high variance of reported levels of co-financing over the years. To determine the reasons for high variance in materialization of co-financing at the project level and to ascertain the extent the reported co-financing is consistent with the manner in which it is defined by the Council, verification of actual levels of co-financing is required. This issue will be looked at in future.

6. The current Management Action Records track management actions on 36 Council decisions. The Evaluation Office rated 33 percent of these decisions as having been adopted by management at high or substantial levels. For one decision adoption was rated as negligible by both GEF Management and the Evaluation Office. The Evaluation Office and management
agreed on the rating on progress of adoption for 47 percent of decisions (17 of 36). On the other 53 percent, the Evaluation Office downgraded management’s ratings. Many of the lower ratings given by the Office reflect the fact that proposals to Council have yet to be approved by Council. All in all, the MARs show and reflect the “wind of change” through the GEF – Council decisions on older evaluations have been overtaken by recent changes and many of the more recent decisions have led to proposals that will be discussed by Council at the June 2007 meeting.

7. The one issue on which both GEF Management and the Evaluation Office agree progress has been “negligible” is that of providing transparency on management information in the GEF. A Council decision in 2005 and a reminder of Council in 2006 have not yet been adequately met by the Secretariat, which is fully aware of the situation. The Evaluation Office again asks attention for the fact that making management information available in a transparent manner is not a question of rocket science or of sophisticated software. It requires sufficient human resources, energy and dedication.

8. The Evaluation Office presents in this APR a draft Agency Performance Matrix in response to the Council request, covering 15 performance parameters, describing the current status of indicators and tools, and a summary of information sources and frequency of reporting in five major areas: Results, Processes affecting Results, Efficiency, Quality of M&E and Learning. This matrix was discussed at the Interagency meeting of February 2007, and comments and suggestions from GEF Agencies and the GEF secretariat have been incorporated into the present version.

9. The full version of the Annual Performance Report 2006, including the detailed data, reviews, analysis and methodological justification, will be published on the GEF Evaluation Office website at the same time as this Council working document. The Management Actions Records are published separately on the Evaluation Office website.