**Annual Review - Summary Sheet**

This Summary Sheet captures the headlines on programme performance, agreed actions and learning over the course of the review period. It should be attached to all subsequent reviews to build a complete picture of actions and learning throughout the life of the programme.

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| **Title: Global Environment Facility sixth replenishment (GEF6)** | | |
| **Programme Value: £210 million** | | **Review Date: October 2017** |
| **Programme Code: 204056** | **Start Date: July 2014** | **End Date: June 2018** |

**Summary of Programme Performance**

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| Year | **2015** | **2016** | **2017** |  |  |  |  |  |  |
| Programme Score | **A+** | **A+** | **A+** |  |  |  |  |  |  |
| Risk Rating | **Low** | **Minor** | **Minor** |  |  |  |  |  |  |

**Summary of progress and lessons learnt since last review**

* We are close to three-quarters through the GEF6 replenishment period of 2014 to 2018. The programme is performing well according to the programming and policy directions set at the start of the current replenishment. The GEF has continued to make strong progress against the majority of focal areas. Expected results against the indicators for the programmed portfolio mostly exceed their milestones. However, progress on addressing ozone depleting substances has continued to be problematic. The main reason is that the original proposals for work in Russia have been unable to proceed owing to wider governance and performance concerns. The GEF has revised proposals to include projects in other countries, but these have been slow to get started.
* DFID’s 2016 Multilateral Development Review (MDR) of the GEF found that it had a consistent record in delivering programmed results and a number of comparative advantages over bilateral aid, as a result of its broad global footprint (active in more than 150 countries) and network of partners. It described it as continuously innovative, e.g. through the new integrated approaches building on synergies across development and environmental management introduced as part of GEF6, and responsive to demands to increase gender relevance and improve efficiency and transparency. However, the Multilateral Development Review identified that there is more to do to strengthen partnerships.
* The draft independent Sixth Comprehensive Evaluation of the GEF (Overall Performance Study -OPS6) finds that the GEF has delivered good project performance overall, but that sustainability of outcomes remains the greatest challenge, particularly in respect of financial sustainability once projects have completed.
* GEF financing has been constrained by exchange rate volatility, particularly the strengthening of the USD in which GEF6 is denominated and operates. The GEF Secretariat, with the direction of the Council, has imposed allocation restrictions to ensure funding to Least Developed Countries (LDCs) and Small Island Developing States (SIDS) has been maintained as planned at the outset of GEF6.
* There has been good progress on the Gender Equality Action Plan implementation and results. The initial findings of the GEF6 Portfolio and Good Practice Review shows enhanced practice at project level. The final review later this year will be an important input to GEF7 design. It is critical that the new gender policy presents an ambitious agenda on empowerment and equality, moving beyond the current minimal focus on ‘do no harm’.
* Engagement with DFID country offices on project and programme proposals has usefully highlighted problems to the GEF Secretariat and GEF Agencies, for example in relation to risks associated with programming in South Sudan.
* In 2017, for the first time, DFID was able to report against the International Climate Funds (ICF) Key Performance Indicators (KPIs) for GEF6. This helps DFID and HMG to demonstrate what it is achieving with its ICF investments and fulfil its accountability functions. The work of the GEF secretariat in delivering this was appreciated.
* DFID leading for HMG, working with Business, Energy and Industrial Strategy (BEIS) and the Department for Environment, Food and Rural Affairs (Defra) is currently engaged in negotiations for the next replenishment period. Whilst this annual review is focussed on the current GEF6, the findings will be used to support our engagement with GEF7, and several of the recommendations apply to both GEF6 and GEF7. Good progress is being made so far in aligning GEF7 with UK priorities for reform, with significant levels of engagement from DFID staff with the GEF Secretariat, other members of the GEF Council, the secretariats of the Conventions and Civil Society Organisations as recommended in last year’s annual review. In particular in GEF7 we will be looking towards more ambitious results delivered through greater integration, and an increased differentiation in the terms of GEF support to reflect the different needs of different countries.
* Defra took up its role as a co-contributor to GEF alongside DFID for the last two annual contributions to GEF 6, with £42 million (being 40% of the UK’s remaining £104millon). Defra also took the UK’s Alternate seat at the Board and will be engaged in joint management and monitoring of GEF for the remainder of GEF6.

**Summary of recommendations for the next year**

* Continue to build on therecommendations from the 2016 Multilateral Development Review, OPS6 and other evaluations of GEF6 for both the remainder of the GEF6 period and for the design of programming and policy in GEF7. The UK will continue to promote policy and operational reforms in order to increase results, maximise value for money, and improve performance.
* Continue to monitor risks to the programme and support mechanisms to mitigate these. This will include supporting the development and implementation of a Policy on Ethics and Conflict of Interest and continuing to push GEF compliance with the International Aid Transparency Initiative (IATI).
* DFID and Defra will continue to build on the management arrangements of GEF 6 to enable joint HMG management and accountability.
* Seek to establish a regular bulletin of ‘human interest’ stories from this and OPS6; building on those produced this year, to help communicate the effects of GEF’s work.

**A. Introduction and Context** (1 page)

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| DevTracker Link to Business Case: | [**http://devtracker.dfid.gov.uk/projects/GB-1-204056/documents/**](http://devtracker.dfid.gov.uk/projects/GB-1-204056/documents/) |
| DevTracker Link to Log frame: | [**http:/HYPERLINK "http://devtracker.dfid.gov.uk/projects/GB-1-204056/documents/"/devtracker.dfid.gov.uk/projects/GB-1-204056/documents/**](http://devtracker.dfid.gov.uk/projects/GB-1-204056/documents/) |

The GEF was set up in 1991 to address global environmental degradation, including climate change, biodiversity loss, land degradation, marine degradation and chemicals pollution and is the/a financial mechanism of the UN Framework Convention on Climate Change (UNFCC), the Convention for Biological Diversity and the UN Convention to Combat Desertification (UNCCD). The GEF also delivers against a number of HMG priorities including the illegal wildlife trade and marine protection, and is in a strong position to contribute to the Sustainable Development Goals (SDGs). It supports developing countries in implementing programmes for global environmental benefits. It provides finance for technical support and training, and leverages co-financing to meet the additional costs of investments for local and global environmental benefits.

The GEF is currently in its sixth replenishment period, which started in July 2014, and will last until June 2018. Programmes under this replenishment primarily cover the GEF’s main focal areas – **International Waters**, **Land Degradation**, **Biodiversity**, **Chemicals and Waste**, and **Climate Change Mitigation** – plus the **Sustainable Forest Management programme and the Small Grants Programme**. GEF6 is also implementing three Integrated Approach Pilots (IAPs), which take a systems approach to addressing major drivers or environmental degradation – the removal of deforestation from commodity supply chains, strengthening food security in sub-Saharan Africa, and incorporating sustainability and efficiency into urban planning and management.

Negotiations for the seventh replenishment of the GEF (GEF7) for the period 2018 to 2022 are well underway. The UK, along with other contributors, sets the policy priorities and results targets that GEF should achieve for an agreed replenishment volume. The first replenishment meeting, in March, was used to define the broad policy and programming priorities for GEF7. The UK was successful in getting broad agreement that the priorities proposed would be among the key themes for the replenishment. The second replenishment meeting, in Addis Ababa October 2017, provided more detailed options on how the policy and programming priorities may be operationalised. This meeting was critical for embedding UK reform priorities. A further meeting will take place in January 2018 to discuss financing options, before negotiations conclude at the end of April 2018, at which stage donors are expected to be in a position to make their financial pledges for the replenishment.

**B: PERFORMANCE AND CONCLUSIONS** (1-2 pages)

**Annual outcome assessment**

The GEF seeks to address the global challenge of environmental degradation. Within the GEF6 logframe, indicators of the state of climate change, forestry, and marine and terrestrial biodiversity protection have been selected in order to assess performance. The nature of GEF support (to programmes and projects that operate over long time periods, often beyond the replenishment period) means that annual assessments of progress are, necessarily, estimates. However a narrative and some quantitative assessment of progress are set out below:

* The first outcome indicator covers area of protection of terrestrial and marine areas. This indicator links to the 2011-2020 Strategic Plan for Biodiversity Aichi Biodiversity Target 11, which aims for protection ofat least 17 per cent of terrestrial and inland water areas and 10 per cent of coastal and marine areas, by 2020*.* During the first three years of GEF-6, GEF projects have been approved that aim to: 1) create 13.3 million hectares of new terrestrial protected areas and 3.2 million hectares of new marine protected areas; and 2) improve the management effectiveness of 107.5 million hectares of terrestrial protected areas and 422 thousand hectares of marine protected areas. Thus far in GEF-6, GEF has provided support to a total of 124.5 million hectares of protected areas (an area the size of South Africa), of which 16.5 million hectares are new protected areas (an area the size of Tunisia). The investment has totalled $179 million of GEF resources, which has levered $977 million of co-financing, a ratio of 1:5.5.
* The second outcome covers CO2 emissions per $1 of GDP in developing countries. This indicator was previously in use for the Millennium Development Goals, which have now ceased reporting (having been superseded by the SDGs). However the European Commission’s Emissions Database for Global Atmospheric Research provides data that has been recorded up to 2015 – which shows that there was a continuing downward trajectory of the volume of CO2 emissions against each $1000 of a country’s GDP between 2013-2015, and that there was a decline for each five-year milestone prior to that since 1990. In 2015, at a global level and average of 339 kg of CO2 was emitted per $1000 of GDP, compared with 483 kg in 1990. As at June 30, 2017, the GEF has funded 867 climate change projects with more than $5.3 billion GEF funding in over 165 countries. The GEF funding leveraged over $45 billion from a variety of sources, including GEF agencies, national and local governments, multilateral and bilateral agencies, the private sector, and civil society organisations (CSOs), with an average co-financing ratio of 1: 8.4.
* The third outcome indicator measures forest cover as a percentage of global land area within GEF countries. The FAO data upon which this indicator was originally dependent became unavailable after 2010. The methodology used for last year’s Annual Review drew from the Food and Agriculture Organisation’s latest Global Forestry Assessment data, which reaches until the year 2015, remain the most up-to-date data currently available. This tracks the changes in ‘forest and other wooded land’. As can be seen below, the rate of change in Brazil and Nepal seems to be slowing, while Democratic Republic of Congo (DRC) has seen a large constant rate of net deforestation. Ghana has seen growth of forests and wooded land, and Indonesia has unfortunately seen a recent increase in rate of deforestation after reductions from 1990-2000 levels.

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|  | Annual change rate (%) | | |
|  | 1990-2000 | 2000-2010 | 2010-2015 |
| Brazil | -0.5 | -0.4 | -0.2 |
| DRC | -0.2 | -0.2 | -0.2 |
| Ghana | 0.3 | 0.3 | 0.3 |
| Indonesia | -1.7 | -0.5 | -0.7 |
| Nepal | -2.1 | -0.7 | 0 |

**Overall output score and description**

Overall output score is A, with the following individual output scores:

Output 1 - *GEF interventions approved to deliver GEF6 corporate-level results framework across 6 focal areas: climate change; biodiversity; land degradation; international waters; chemicals and waste; and corporate programmes* [A+]

Output 2 - *GEF policy priorities identified during GEF6 replenishment process, and as set out in GEF6 Business Case, implemented* [A]

Output 3 - *Effectiveness, efficiency and economy of the GEF improved through operational reforms as set out in the GEF6 Business Case* [A]

**Key lessons**

The Independent Evaluation Office of the GEF produces an overall performance study for each replenishment period. The most recent version, OPS6, has been made available in draft form and provides recommendations that are relevant both to the management of GEF6 and the design of GEF7. Particular findings of note are:

* That the GEF should seek to redefine its niche on climate change, given other financial mechanisms that have come on board, particularly the Green Climate Fund (GCF).
* More effort is needed for the GEF to deliver greater transformational change, with ex ante assessments of projects for the potential for transformation based on clear criteria recommended.
* The GEF should continue pursuing an integrative principle in its programming based on scientific and technical merits.
* The GEF will need to adapt its strategy to improve its engagement with the private sector. Specifically, the private sector should be viewed more broadly than just as a source of financing.
* The GEF Secretariat needs to align gender policy more closely with international gender mainstreaming good practice standards.
* Monitoring and evaluation should capture good quantitative data and performance indicators should focus on impacts.

**Key actions**

The UK will continue to make the most of the strong working relationship with the GEF Secretariat in order to resolve any queries swiftly, and to stay aware of developments in areas of interest. The UK will continue to promote policy and operational reforms, responding to OPS6 and the MR, including:

* *Results*: GEF’s objectives and results updated to reflect international policy, including through integrating relevant SDGs into GEF’s objectives and results framework. We want to see a new programme-based GEF7 programming document, with revised indicators and targets.
* *Maximising value for money:* GEF’s programming updated to increase incentives for programmes designed to yield multiple benefits (e.g. climate, biodiversity and land degradation) and focussing on systems that are critical for sustainable development (e.g. agricultural supply chains and cities). We want to see a new target for programmes yielding multiple benefits.
* *Business model:* GEF increases its leverage on sustainable investment by increasing the proportion of its investment through International Financial Institutions and the private sector. We want to see an increase in the proportion of GEF’s programming used to lever investment.
* *Concessionality*. GEF maximises the impact of its resources by introducing measures to graduate the concessionality of GEF support and better target resources according to country needs and capacities. We want to see increased use of non-grant instruments instead of grants for high income countries and more resources for low income countries.
* *Performance:* GEF performance improved, in line with MDR recommendations for GEF and its agencies, as applicable (eg MDB or UN reform*).* GEF scored as ‘good’ in the MDR, but the Review identified a range of reforms which we can use the leverage of the replenishment to introduce or strengthen. We want to see measures to improve transparency, risk management and tracking gender impact including targeting the poorest and most marginalised.

**Has the logframe been updated since the last review?**

No

**C: DETAILED OUTPUT SCORING** (1 page per output)

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| **Output One** | *GEF interventions approved to deliver GEF6 corporate-level results framework across 6 focal areas: climate change; biodiversity; land degradation; international waters; chemicals and waste; and corporate programmes* | | | | | | |
| Output number per LF | | 1 | | | **Output Score** | | ***A+*** |
| Risk: | | Moderate | | | Impact weighting (%): | | 70% |
| Risk revised since last AR? | | N | | | Impact weighting % revised since last AR? | | N |
| **Indicator(s)** | | | **Milestone 2017** | **Progress to June 2017** | | **UK imputed share of results (8.8%)** | | |
| **1.1 Climate Change:** Tons of CO2-equivalent emissions to be mitigated through approved projects [from GEF6 Programming Directions, 24 February 2014] | | | Projects approved = to 562.5 million tons mitigated (June 2017; 75% of target for replenishment) | Projects approved = to 1,243 million tons mitigated (April 30, 2017) (166% of target for replenishment)  Exceeded | | 109 million tons | | |
| **1.2 Biodiversity:** Hectares of landscapes and seascapes to have improved management in place through approved projects [from GEF6 Programming Directions, 24 February 2014] | | | Projects approved = to 225 million hectares with improved management (June 2017; 75% of target for replenishment) | Projects approved = to 395 million hectares with improved management (April 30, 2017) (132% of target for replenishment)  Exceeded | | 35 million hectares | | |
| **1.3 Land Degradation:** Hectares of agriculture, rangelands and forest landscapes to be sustainably managed through approved projects [from GEF6 Programming Directions, 24 February 2014] | | | Projects approved = to 90 million hectares (June 2017; 75% of target for replenishment) | Projects approved = to 74 million hectares (April 30, 2017) (62% of target for replenishment)  Slightly off track | | 7 million hectares | | |
| **1.4 International Waters:** Number of freshwater basins to have Water-Food-Energy-Ecosystems security and conjunctive management of surface and groundwater through approved projects [from GEF6 Programming Directions, 24 February 2014] | | | Projects approved = to 7.5 water basins (June 2017; 75% of target for replenishment) | Projects approved = to 12 water basins (April 30, 2017) (120% of target for replenishment)  Exceeded | | 1 water basin | | |
| **1.5 Chemicals & Waste:** Tons of Persistent Organic Pollutants (POPs - PCBs, obsolete pesticides) to be disposed of through approved projects [from GEF6 Programming Directions, 24 February 2014] | | | Projects approved = to 60,000 tons of POPs (June 2017; 75% of target for replenishment) | Projects approved = to 60,374 tons of POPs (April 30, 2017) (75% of target for replenishment)  On track | | 5,313 tons | | |

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| **Indicator(s)** | **Milestones 2017** | **Progress to June 2017** | **UK share of results (8.8%)** |
| **1.6 Chemicals & Waste:** Tons of mercury to be reduced through approved projects [from GEF6 Programming Directions, 24 February 2014] | Projects approved = to 750 tons of mercury (June 2017; 75% of target for replenishment) | Projects approved = to 623 tons of mercury (April 30, 2017) (62% of target)  Slightly off track | 55 tons |
| **1.7 Chemicals & Waste:** Tons of Ozone Depleting Potential (HCFC) to be phased out through approved projects[from GEF6 Programming Directions, 24 February 2014] | Projects approved = to 225 tons of ODP (June 2017; 75% of target for replenishment) | Projects approved = to 135 tons of ODP (April 30, 2017) (45% of target)  Off track | 12 tons |
| **1.8 Corporate Programmes:** Number of countries to be supported in the creation of development and sectoral planning frameworks, that integrate measurable targets drawn from the MEAs, through approved projects [from GEF6 Programming Directions, 24 February 2014] | Projects approved = to 7.5 countries (June 2017; 75% of target for replenishment) | Projects approved = to 14 countries (April 30, 2017) (140% of target)  Exceeded | 1 country |
| **1.9 Corporate Programmes:** Number of countries to be have functional environmental information systems, to support decision making, provided through approved projects [from GEF6 Programming Directions, 24 February 2014] | Projects approved = to 7.5 countries (June 2017; 75% of target for replenishment) | Projects approved = to 18 countries (April 30, 2017) (180% of target)  Exceeded | 2 countries |

**Key Points**

* This output is the most significant for the assessment of GEF6, and performance is based on indicators across the focal areas of climate change, biodiversity, land degradation and international waters, as well as technical support to countries environmental policy and capacity development. Results here are based on the cumulative results expected from projects and programmes approved to date under the GEF6 replenishment.
* Programming decisions and GEF spending is largely country driven, within broad allocation parameters, and therefore expected results totals given at the start of the replenishment are indicative. The difference in relative performance between different focal areas is largely explained by countries different programming choices.
* The results above are as at 30th April 2017, which is the latest reporting available. An updated Annual Performance Monitoring Report (APMR) including a more recent Corporate Scorecard will be made available for the next GEF6 Council Meeting to take place on the 28-30th November.
* Note that percentages given above are against the target for the whole replenishment, i.e. the overall results expected at the end of the replenishment in June 2018. Thus a reasonable expectation is that, as at three quarters of the way through the replenishment (June 2017), reaching 75% of the target or more would represent being on track to meet the overall target.
* Generally there has been good progress, with many indicators significantly exceeding the targets for the whole replenishment, particularly for climate change mitigation, biodiversity, international waters and corporate programmes.
* The lack of progress on 1.7 (ozone depleting substances) has been noted in the summary of progress, and relates to a lack of ability of the GEF to proceed with the originally planned projects in Russia owing to wider governance and performance concerns. The GEF Secretariat has developed a revised set of projects, in Belarus, Tajikistan, Uzbekistan and Kazakhstan, but progress has been slow and it will difficult to achieve the original planned results against this target for GEF6. To date, two projects have been approved, which represents progress from last year, and three further are being developed. We will continue to track.

**Summary of responses to issues raised in previous annual reviews (where relevant)**

* See comment above on ozone depleting substances.
* Note that for many of the indicators above the overall target for the replenishment has already been reached or exceeded. This reflects what seems, with the benefit of hindsight, to have been excessive caution in setting targets for GEF6. As recommended in last year’s annual review, the UK is pressing for more ambitious target setting in GEF7. This will be supported by a proposed clearer and simpler set of indicators within the GEF7 results framework.

**Recommendations**

* The UK will continue to press for more ambitious target setting in GEF7.
* We will work with the GEF Secretariat on developing a more streamlined and results focussed set of indicators for GEF7. We will look to increase alignment of reporting with the SDG indicators. We will seek to align DFID and GEF results reporting, including as far as possible the reporting timetable. This will be particularly important in order to allow tracking of results (multiple benefits) across focal areas in integrated programming, to allow appropriate reporting to the Conventions served by the GEF.
* We will continue to track progress on work on ozone depleting substances. Broader chemicals work has shown lower than average progress, and we recommend increased attention to this focal area during the final year of the replenishment.

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| **Output Two** | *GEF policy priorities identified during GEF6 replenishment process, and as set out in GEF6 Business Case, implemented* | | | |
| Output number per LF | | 2 | **Output Score** | ***A*** |
| Risk: | | *Minor* | Impact weighting (%): | 15% |
| Risk revised since last AR? | | *N* | Impact weighting % revised since last AR? | N |

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| **Indicator(s)** | **Indicative target for GEF6** | **Progress to June 2017** |
| 2.1 % share of private sector co-financing in GEF6 projects | 25% | 20%  Slightly below target |
| 2.2 % of GEF funds allocated to multi-focal area (MFA) focal area | 50% | 55%  Exceeded |
| 2.3 % of GEF funds allocated to Sustainable Forest Management Programme and the Integrated Approach Pilots | 10% | 14%  ($373 million out of the total $2.65 billion utilisation)  Exceeded |
| 2.4 % of GEF6 projects that incorporate gender equality and women empowerment issues in project document / project monitoring and evaluation reports | 60% | 67%  Exceeded |

**Key Points**

* This output seeks to assess progress against reform priorities set out by the UK during the replenishment negotiations for GEF6. It covers ambitions for increasing private sector engagement, integration within programmes to address multiple environmental challenges simultaneously, and an increased focus on gender.
* Progress has been good, with most of the indicative targets for GEF6 having been exceeded, and this output is judged to score A.
* There has been a clear appetite programming that is integrated, demonstrated by strong performance of both multi-focal area projects and the Integrated Approach Pilots. The draft OPS6 evaluation of GEF6 finds that “The design of the Integrated Approach Pilots (IAPs) demonstrate attention to coordination, coherence in objectives between the program framework and child projects, innovative knowledge components, relevant selection of countries and cities, Agency selection based on comparative advantage, and well-designed M&E frameworks. The inclusion of these elements reflects lessons learned from previous programmatic interventions.”
* Performance on gender has improved, with the bulk of projects now incorporating gender equality. However there is further to go on gender: the draft OPS6 finds that only about 14 percent of projects at entry included a gender analysis, which is integral to mainstreaming.
* The GEF launched a $110 million pilot program for non-grant financial instruments in 2014, and this has had some success in mobilising private sector finance. Since the beginning of GEF-6, the GEF has awarded ten non-grant projects, which have allocated a total of $70.2 million in GEF financing and have leveraged $1.57 billion in co-financing, including $1.1 billion from the private sector. However, the draft OPS6 finds that “Operational restrictions and lack of awareness of the GEF have resulted in limiting or not fully realising the potential for successful engagement with the private sector.” The findings of the Independent Evaluation Office will be critical for realising increasing ambition for private sector co-financing in GEF7.

**Summary of responses to issues raised in previous annual reviews (where relevant)**

* The last annual review identified weak knowledge management in the GEF as a systemic problem limiting the transferability and transformative impact of programming. The draft OPS6 identifies that some progress has been made with regard to the GEF’s Project Management Information System (PMIS), results-based management system, and knowledge management, but that the availability and quality of information in these systems needs further improvement. An upgrade in the GEF’s PMIS is expected in time for GEF7, and the UK is currently working with the GEF Secretariat on the potential for a clearer and impact focussed indicator(s) to track and encourage transfer of knowledge for the GEF.

**Recommendations**

* The primary recommendation is to use the findings from GEF6 experience in progressing UK policy priorities - particularly with regard to integrated programming, use of non-grant instruments, and gender performance – to ramp up progress in GEF7. The UK will work closely with the GEF Secretariat, other donors, GEF recipients and CSOs to ensure this happens.

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| **Output Three** | *Effectiveness, efficiency and economy of the GEF improved through operational reforms as set out in the GEF6 Business Case* | | | | | |
| Output number per LF | | 3 | | **Output Score** | | ***A*** |
| Risk: | | *Minor* | | Impact weighting (%): | | 15% |
| Risk revised since last AR? | | N | | Impact weighting % revised since last AR? | | N |
| **Indicator(s)** | | | **Indicative target for GEF6** | | **Progress to June 2017** | | |
| 3.1 % of GEF funds committed to projects in less developed countries (LDCs) | | | 19% | | 18%  Slightly below target | | |
| 3.2 Median length of time elapsed between PIF approval by the Council and CEO endorsement | | | 18 months | | 19 months  Slightly below target, but see note below | | |
| 3.3 % of GEF6 projects that involve civil society organisations or indigenous people as key partners | | | 70% | | 92%  Exceeded | | |
| 3.4 % of projects from all replenishments in which some or most broader adoption initiatives have been successfully adopted or implemented | | | 66% | | Not yet available. See points below. | | |
| 3.5 % of GEF portfolio under implementation that receive moderately satisfactory or higher rating on progress towards development objectives in a given financial year | | | 90% | | The timing of this annual review means the GEF Secretariat does not yet have this data from implementing agencies. The early analysis should be provided in due course and will be captured in next year’s review. | | |
| 3.6 GEF agency fees | | | 9.5% for grants up to $10 million and 9% for grants above $10 million | | 9.5% for grants up to $10 million and 9% for grants above $10 million [June 2017] | | |

**Key Points**

* Output 3 relates to a series of operational reforms set out in the GEF6 business case covering shifting funding away from UMICs and HICs towards LDCs, improving operational efficiency, improving the transformational element of projects, project performance, and value for money.
* Progress against the indicators for this output has largely been successful. The proportion of funding allocated to LDCs has reached 18%, thus largely meeting our expectations for support provided to those most economically vulnerable countries. Reports from the agencies on their assessment of projects’ likelihood of achieving their development objectives show that 91.5% are considered moderately satisfactory, satisfactory or highly satisfactory (against a milestone for progress against objectives of 87%). Of those, the agencies assessed 55.2% of their projects to be Satisfactory, 29.2% to be Moderately Satisfactory, and 7.1% to be Highly Satisfactory.
* Regarding indicator 3.2 which tracks efficiency through the time taken for design through to implementation of projects, a large number of GEF-5 overdue projects (90% of FY16 endorsed/approved projects) were submitted in FY16 to meet the terms of the newly introduced cancellation policy deadline for existing projects of June 30, 2016. This had the effect of distorting the average time between PIF approval and CEO endorsement/approval in FY16, but this effect is a one-off. The average time excluding the batch of overdue projects was 10 months, i.e. within the target.
* Regarding indicator 3.4, which looks at the level of broader adoption of approaches tested in GEF projects, results for this are not yet available but we understand will be reported at the end of the GEF6 replenishment period. The OPS6 draft assessment highlights both progress and challenges for broader adoption and the transformative effect of GEF projects. The analysis shows that transformational change has particularly occurred where market barriers are addressed through sound policy, legal, and regulatory reforms; private sector engagement is encouraged through targeted capacity building and financial incentives; and mechanisms are put in place for future financial sustainability through the market and/or government budgets.

**Summary of responses to issues raised in previous annual reviews (where relevant)**

* Last year’s annual review proposed that since indicator 3.4 is only assessed at the end of the replenishment period, then it should be removed from the list of output indicators. On reflection it has been decided to keep it in the logframe due to the importance of tracking and providing commentary on the transformative effect of GEF projects, which is central to the rationale of the GEF and UK support to it. Commentary on the progress and opportunities for transformation are provided in the bullet above.
* Last year’s annual review also recommended engagement by DFID in discussions surrounding the role of the CSO Network of the GEF. DFID has joined CSO Network discussions in the margins of Council Meetings and encouraged greater coordination within the network and closer working with the GEF Agencies, whilst respecting the independence of the CSO network The GEF Secretariat has improved the project templates and review sheets to better account for CSO engagement in the design and implementation of projects, with the aim of better capturing engagement. This is reflected in the progress reported against indicator 3.3. The GEF Secretariat is currently consulting on two relevant documents pertaining to civil society: The updated policy on Stakeholder engagement and the updated vision on GEF and Civil Society. Both documents will be presented to Council for approval at the end of November 2017.

**Recommendations**

* It is recommended that further reform and improvement of the effectiveness, efficiency and economy of the GEF is incorporated into the design of GEF7, in accordance with the UK priorities listed in key actions earlier in this annual review document. Attention should be paid in particular to the findings of the GEF6 evaluation on the challenges and opportunities for operational reform.

**D: VALUE FOR MONEY & FINANCIAL PERFORMANCE** (1 page)

**Key cost drivers and performance**

Cost drivers

Since the inception of GEF to March 31, 2017 funding approvals made by the Council and CEO total USD 17,281 million, of which 89% was approved for Projects and Project Preparation activities, 7% for Agency Fees and 4% for Administrative budgets. From the inception of DFID support for the GEF, there have been continual efforts by the UK to ensure that there is scrutiny and downward pressure on the fees charged by the implementing agencies and in 2012 the GEF Council approved a new fee policy for GEF agencies, which established a reduced fee for all agencies of 9.5% for project grants up to USD 10 million, and 9% for project grants above USD 10 million.

Performance

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| The value for money offered by GEF as a whole was assessed to be ‘good’ by the Multilateral Development Review (MDR) in 2016. The MDR referred to GEF’s continual focus on value for money, with caps on agency fees improving on the rates which were reported in MAR 2011, and low administrative costs relative to programme spend. |
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The estimated changes to the GEF-6 Envelope Value as measured against the Target Replenishment totals USD 535 million due to the revaluation of contribution receivables, unencashed promissory notes and the IoCs yet to be deposited with the Trustee. The Trustee has projected an overall envelope of resources available to the end of the GEF-6 period of USD 3,757 million as of March 31, 2017. This represents a shortfall of USD 677 million or 15% measured against the replenishment target of USD 4,434 million. The latest reporting on this issue was provided by the GEF Trustee for the May 217 GEF Council meeting. The change in the value of GEF-6 Envelope is mostly due to the significant strengthening of the USD against all major currencies between the time the GEF-6 reference foreign exchange (FX) rates were set, and the FX rates as of August 31, 2017. The magnitude of this estimated shortfall is continually shifting with changes in the value of the US$ against all other major currencies.

There was an increase in the World Bank cost recovery rate which arose as part of a reform process in the World Bank to ensure its continued financial sustainability, which includes a new cost-recovery approach to all external funds (including trust funds) to fully cover institutional costs across the World Bank. The GEF Secretariat and the Independent Evaluation Office do not have any realistic possibilities to absorb this externally-imposed cost increase without undermining operations. Therefore some of these costs have been absorbed by GEF but most will have to be met by an increase in core budget for the remainder of GEF6 (and GEF7).

**VfM performance compared to the original VfM proposition in the business case**

**On economy**, the low administrative costs and the implementation of the agency fee caps have already been cited. The financial report from the Trustee on GEF6 spending thus far shows an administrative budget which remains 3% of the total spend, and the average for GEF spending on administration since inception has decreased to 4% from the 5%.

**On efficiency**, GEF continues to maintain its careful allocation according to need via the System for Transparent Allocation of Resources (STAR), and has refined this further by introducing a minimum aggregate floor for the LDCs during GEF6, as well as deciding that those countries with total STAR allocations of less than USD7 million will have full flexibility to programme the allocation across the three focal areas covered (Land Degradation, Biodiversity and Climate Change Mitigation). Allocations to LDCs have been protected at the expense of those to MICs in the reductions caused by FX fluctuations mentioned above.

**On effectiveness**, the latest assessments of the GEF portfolio indicate the number of projects which have received a rating of moderately satisfactory or higher for the likelihood that they will achieve their development objectives has risen to 91.5%, from the 86% reported in the 2014 Business Case.

**Assessment of whether the programme continues to represent value for money**

We consider that given the continued impressive progress against the targets set for the GEF’s sixth replenishment, and maintained downward pressure on cost drivers (for example implementation of the GEF’s agency fee limits) that the GEF continues to represent value for money. GEF has updated its budgeting process to align with and track core work areas for performance in both programming and policy-operations in GEF 6. In budgeting and in preparing and reviewing progress on its Business Plan, it plans investments against expected results in light of past performance and other factors, including actions needed to implement priorities in the core work areas. The planning also integrates and assesses updated information on results and results based management.

**Quality of financial management**

The World Bank as Trustee reports on GEF expenditure and resource availability at the biannual GEF Council meetings. The most recent Financial Report was presented to the GEF Council in June 2017, and highlighted the shortfall being faced by the GEF’s sixth replenishment due to unexpected exchange rate fluctuations. The GEF most recently filed an Independent Auditors’ Report and Statement of Receipts, Disbursements and Fund Balance in October 2016, in which the auditors did not provide any qualifications to their opinion. The independent audit of the GEF Trust Fund by the World Bank’s external auditors have been concluded for the period ended June 30, 2016 and is to be issued in October/November 2017.

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| --- | --- |
| Date of last narrative financial report.  Summary of Financial Information  As of March 31, 2017 (Prepared by the Trustee) | [http://www.thegef.org/sites/default/files/cHYPERLINK "http://www.thegef.org/sites/default/files/council-meeting-documents/EN\_GEF.C.52.Inf\_.13\_GEF\_TF\_Financial\_Report.pdf"ouncil-meeting-documents/EN\_GEF.C.52.Inf\_.13\_GEF\_TF\_Financial\_Report.pdf](http://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.52.Inf_.13_GEF_TF_Financial_Report.pdf) |
| Date of last audited annual statement | October 2016 |

**E: RISK** (½ page)

**Overall risk rating:** Minor

**Overview of Programme Risk**

The overall risk of minor was the conclusion of the updated due diligence completed in January 2017, which indicated that the controls in place were sufficient to monitor GEF risks as needed. These controls include the Minimum Fiduciary Standards for GEF Implementing and Executing Agencies. As of January 2017 all 18 GEF Implementing and Executing Agencies have now met the GEF’s minimum fiduciary standards. These were updated in June 2014 and include requirements for Partner Agencies to conduct internal auditing in line with internationally recognised standards and to have in place a hotline to report incidents and a whistle-blower protection policy. As the GEF relies on Partner Agency policies and processes for risk management at a portfolio to project level, it is of vital importance that these are aligned with GEF expectations. Financial risks are managed by the World Bank as Trustee, which is considered to be a low-risk partner for DFID, and which provides financial reporting for the UK Council member’s review at each biannual Council meeting.

Alongside these various measures of risk control, it was identified at the last Annual Review that the GEF would also benefit from an over-arching internal risk framework, which would allow mutual understanding of the status of various operational or strategic risks across the GEF’s network, as well as of the risk tolerance levels within the GEF. This was pursued as part of the 2017 Due Diligence update and at the GEF Council meeting in May 2017. The GEF Secretariat acknowledges the benefit of an overarching policy. This will contribute towards the GEF’s risk management capabilities and will therefore be one of the UK’s priorities to monitor progress as part of the GEF’s seventh replenishment.

The Proposed Policy on Ethics and Conflict of Interest for Council Members, Alternates, and Advisers was adopted, and an Ethics Committee has been appointed to oversee its implementation.

The risk register for the GEF has been maintained since the Business Case risk assessment and aligned with the new DFID risk management framework. Three components are assessed as exceeding major risk:

* The Ozone Depleting Substances work stream fails to deliver its GEF6 targets – ‘**Severe’ -** Mitigation action - This is discussed above, and progress will be tracked with the technical lead in the GEF Secretariat.

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* GEF 6 shortfall in financing does not achieve an optimum allocation of resources across priority locations and focal areas. ‘**Major**’ – Mitigation action - This is discussed above in Section D. The UK will continue to monitor that the Secretariat continues to take stock of resource programming across the different focal areas and themes, including the use of STAR allocations. GEF financing has been constrained by exchange rate volatility, particularly the strengthening of the USD in which GEF6 is denominated and operates. The GEF Secretariat, with the direction of the Council, has imposed allocation restrictions to ensure funding to Least Developed Countries (LDCs) and Small Island Developing States (SIDS) has been maintained as planned at the outset of GEF6. [Also see Update on (FX) risk management for GEF below].
* GEF’s knowledge management will not be adequate - ‘**Major**’, and has been combined with that concerning the potential for scaling of GEF’s approaches. Given the wide variety of programming occurring across the GEF’s portfolio under different Conventions and across different locations, there is a correspondingly large potential effect if the lessons generated are not fully used by others across the GEF’s network, and if stakeholders and audiences are not identified and engaged appropriately. However, the likelihood of this risk has reduced as a result of the work being taken forward as part of the GEF6 work stream on Knowledge Management (KM). In its May 2017 report, the team noted progress in the form of the extraction and synthesis of lessons from a pilot group of terminal evaluations of multi-focal area programming, which process was then to be explored for scale-up potential. The GEF Secretariat has also been piloting an innovative question and answer platform called Kaleo during 2016/17, which so far has been limited to information regarding GEF operations, but if successful is expected to offer wider possibilities in information exchange and access across the GEF Partnership. In FY18, the Secretariat Knowledge Management team will lead the implementation of the KM Roadmap for the GEF Partnership (with clear targets, roles and budgets), building on the assessments and pilots. This may include further specificity on the design of a GEF KM Platform, a forward publications plan including in-depth technical studies conducted jointly by GEF partners, a detailed plan for a GEF knowledge products repository and document management system, development of GEF Communities of Practice, and a Partnership-wide awards programme for best practice on knowledge and learning. Mitigating action – The UK will continue to monitor progress of the GEF Secretariat KM Team to ensure progress is made in the KM Roadmap.
* Progress from 2016 Annual Review - Failure to mainstream gender within GEF programming was assessed as Major, but can now be re-assessed as **Moderate**. - There has been good progress on the Gender Equality Action Plan. The initial findings of the GEF6 Portfolio and Good Practice Review shows enhanced practice at project level. The final review later this year will be an important input to GEF7 design.
* An additional Moderate risk has been identified that the GEF may not currently be aligned with high UK expectations for partner transparency, as while the GEF has joined the International Aid Transparency Initiative; it has not yet published data through IATI. Transparency International has also published a September 2016 update of its review of the LDCF/SCCF (which use the GEF’s governance structures and so are a good proxy for its wider operations), which notes that the GEF Secretariat’s transparency rating is high, but that there are still additional actions which can be taken to improve the GEF’s transparency and accountability. The UK is seeking a Policy Recommendation to lock in IATI compliance for GEF7.

**Update on Foreign Exchange (FX) risk management for GEF:**

The Trustee makes funding commitments to GEF Agencies in US$ against GEF resources which include non-US$ promissory notes (PNs) that are encashed over a longer period. Adverse movements in FX rates might affect the value of future encashments of those PNs, thereby affecting the Trustee’s ability to meet its legal obligations in making payments to the GEF Agencies against the funding commitments. In order to manage this risk and mitigate any negative impact of FX volatility on the level and predictability of funding available for GEF programing, the Trustee holds a defined level of financial reserve estimated at approximately 15% of unencashed promissory notes used for commitment purpose. The current financial reserve amount is USD 150 million and the Trustee closely monitors and adjusts this amount to insulate the GEF from adverse exchange rate fluctuations without unduly constraining the programming ability of the GEF.

The FX reserve is focused on limiting the negative impact of FX volatility on the programmed GEF’s activities but does not directly address the FX volatility inherent in the GEF’s funding structure. To facilitate a more comprehensive FX risk management solution, the Trustee is reviewing additional measures to manage the FX risk, including options for an FX hedging programme within an overarching Risk Management Framework.

The Trustee will seek guidance from the GEF Replenishment Participants on the FX risk management options throughout the GEF-7 Replenishment process and find the preferred solution including seeking GEF Council approval in time for implementation of GEF-7.

**Outstanding actions from risk assessment**

Alongside the various measures of risk control outlined above, one of the UK’s priorities will be to monitor progress as part of the GEF’s seventh replenishment the adopted Proposed Policy on Ethics and Conflict of Interest for Council Members, Alternates, and Advisers and continue to promote the implementation of an over-arching internal risk framework.

**F: COMMERCIAL CONSIDERATIONS** (½ page)

**Delivery against planned timeframe**

As outlined in the discussion of output results above, there has been good progress made against most of the focal area objectives for the sixth replenishment, as well as on a number of priorities for the replenishment period (mainstreaming of gender within project documentation, private sector co-financing, and a greater proportion of projects contributing to a number of focal areas concurrently). The ozone depleting substances work stream has proven more of a concern in its lack of progress, which will require further exploration in partnership with the GEF Secretariat.

**Performance of partnership**

The relationship between DFID and the GEF Secretariat continues to be productive, and the Secretariat’s responsiveness and access to detailed management information systems continue to prove valuable to the DFID programme management team. DFID plays an active role in our partnership with the GEF via our UK Council member and specialists including our lead environmental adviser and the Climate and Environment Department’s Gender Lead. We remain strong and vocal proponents for progress on GEF initiatives such as gender mainstreaming and improved knowledge management, offering support where useful.

**Asset monitoring and control**

Not applicable for this programme.

**G: CONDITIONALITY** (½ page)

**Update on partnership principles (if relevant)**

Not applicable for this programme.

**H: MONITORING & EVALUATION** (½ page)

**Evidence and evaluation**

The GEF’s Independent Evaluation Office (IEO) continually reviews the GEF portfolio to find evidence of how focal area frameworks and operational assumptions translate to results and outcomes from GEF programming. The evaluations presented in the May 2017 Semi-Annual Evaluation Report span a wide range of topics, from focal area studies to cross-cutting issues and compilations of case studies, there is a common thread focused on the scale and sustainability of impact. Beyond outcome and implementation ratings, IEO frequently points to a need to design projects and programmes in ways that maximise their potential to achieve lasting, large-scale positive impacts on the global environment.

The recent GEF Independent Evaluation Office, **Draft** Final Report of OPS6 – September 2107 demonstrated that the GEF has built a strong record in delivering short- and medium-term results; in recent periods, the outcomes of about 80 percent of GEF projects have been rated as satisfactory. Through December 2016, the GEF Independent Evaluation Office (IEO) had received terminal evaluations for 1,184 completed GEF projects, all but eleven of which were rated on outcome achievements. Eighty-one percent of the projects had outcomes in the satisfactory range. Of the 581 completed projects for which terminal evaluations were received since the Fifth Overall Performance Study (OPS5), 577 were rated on outcomes; 79 percent were rated as having outcomes in the satisfactory range. These ratings confirm the good performance of GEF projects in delivering expected short- to medium-term results.

**Monitoring progress throughout the review period**

The various reporting mechanisms used for this Review highlight the multi-faceted approach used by the GEF to provide indications of progress against individual projects’ development objectives, overall corporate replenishment targets, and GEF reform priorities. We have supplemented this biannual reporting with more in-depth conversations with the Secretariat concerning focal area programming and gender mainstreaming. We will continue to make the most of our partnership with the GEF in order to clarify and understand where appropriate.

**Working towards Core Indicators for GEF-7**

In June, the Secretariat initiated Partnership-wide consultations on the below list of preliminary, GEF-7 Core Indicators. Some of the indicators include sub-indicators to allow for adequate disaggregation. Currently the fully-fledged partnership-wide consultation is underway to agree on the Core Indicators methodological details. The aim is that when GEF7 programming is implemented, all Agencies will use the same methodologies and improve consistency of reporting.

**Recommendations**

The UK will continue to work with the GEF on the recommendations from both May 2017 Semi-Annual Evaluation Report and the GEF Independent Evaluation Office, Draft Final Report of OPS6 – September 2107 and ensure GEF’s information management systems adapt to allow the Partnership to systematically capture, analyse and communicate data and information across the portfolio of GEF projects and programmes. This includes continuous improvement in monitoring, evaluation, results-based management, and information management as well as targeting GEF resources at the poorest. The UK will continue to push for consideration of how targeting of poverty might be included in the indicators i.e. beneficiary disaggregation to include those below the poverty line ($1.25 a day, in line with SDG 1), as well as gender, but other thoughts welcome. These issues are a core dimension of the proposed, institutional and policy agenda for GEF-7.

**Annex A**

**Annual Review - Summary Sheet From 2016**

This Summary Sheet captures the headlines on programme performance, agreed actions and learning over the course of the review period. It should be attached to all subsequent reviews to build a complete picture of actions and learning throughout the life of the programme.

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| **Title: Global Environment Facility (GEF) sixth replenishment** | | |
| **Programme Value:** £210 million | | **Review Date:** October 2016 |
| **Programme Code:** 204056 | **Start Date:** July 2014 | **End Date:** June 2018 |

**Summary of Programme Performance**

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| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Year | **2015** | **2016** |  |  |  |  |  |  |  |
| Programme Score | **A+** | **A+** |  |  |  |  |  |  |  |
| Risk Rating | **Low** | **Minor** |  |  |  |  |  |  |  |

**Summary of progress and lessons learnt since last review**

* The GEF has continued to make strong progress against the majority of focal areas for its sixth replenishment. Expected results from activities programmed are already exceeding targets for the entire replenishment against its Climate Change and Persistent Organic Pollutants indicators. Expected results against a further five indicators for the programmed portfolio exceed their milestones. Projects to reduce mercury were lagging slightly as of our June deadline for monitoring progress against milestones, although this work stream has been brought back on track by the approval of a major project submitted to the October Council meetings, while there has been no progress at all in submitting projects to reduce ozone depleting substances.
* The GEF serves a number of Multilateral Environmental Agreements (such as the Conventions on Biological Diversity and the UN Framework Convention on Climate Change, as well as the Montreal Protocol), and its work has historically been divided into focal areas corresponding to these various organisations. However, the UK has promoted the use of the GEF’s experience to provide a more integrated approach, reflecting the inter-connected nature of the global environmental challenges that it seeks to overcome. Progress is being made. The latest data from the GEF shows that half of the portfolio for its sixth replenishment is made up of multi-focal area projects, just surpassing our milestone of 47%, while implementation continues for the Integrated Approach Pilots seeking to foster sustainability and resilience around the cross-cutting themes of food security in sub-Saharan Africa, sustainable cities and taking deforestation out of commodity supply chains.
* The GEF has also exceeded the milestone regarding the expected private sector share of co-financing, with nearly a third (32.37%) of GEF6 co-financing currently anticipated to come from private sector sources.
* The GEF is making good progress in its Non-Grant Instruments pilot, having approved a total of eight projects, using $92.2 million in GEF Funding and attracting $1,605 million in co-financing as of April 2016.
* The GEF’s portfolio continues to exhibit signs of strong progress towards development objectives, with 91.5% of projects assessed by their implementing agencies to have a rating of moderately satisfactory, satisfactory or highly satisfactory with respect to the likelihood of attaining their intended objectives by the end of project implementation. Of those, the agencies assessed 55.2% of their projects to be Satisfactory, 29.2% to be Moderately Satisfactory, and 7.1% to be Highly Satisfactory.
* The GEF approved its Gender Equality Action Plan in 2014, outlining a number of actions to be implemented during its sixth replenishment. The GEF6 Results Framework includes two Core Indicators to track progress – the percentage of projects that have conducted gender analysis during project preparation, and the percentage of projects that have incorporated a gender-responsive project results framework. The gender analysis rate for the 29 projects approved by the GEF CEO is now at 86% (against a 2008 baseline of 18%), while 79% of results frameworks now show some form of gender sensitivity. This illustrates significant progress in the processes concerning project development – however, as will be discussed later there is still further to be achieved to truly mainstream gender into GEF programming.

**Summary of recommendations for the next year**

* GEF 7th replenishment negotiations are scheduled to take place over the coming year to conclude in April 2018. DFID should engage closely with the GEF Secretariat, other members of the GEF Council, the secretariats of the Conventions and Civil Society Organisations to ensure progress is made on UK priorities. This should include consideration of more ambitious replenishment targets, and the potential to improve GEF risk management further by introducing a single over-arching risk management framework – to improve mutual understanding across the partnership of the operational and strategic risks faced by the GEF, and of risk tolerance levels and escalation points. We will also continue to encourage the GEF to follow up on its membership of the International Aid Transparency Initiative by publishing data through IATI.
* To ensure that DFID’s own management of GEF risks remains robust, DFID should undertake a proportionate update of its due diligence, which according to central guidance should be completed next year.
* DFID’s programme management team should work alongside the Climate and Environment Department’s Gender specialist in order to ensure that the Gender Equality Action Plan is producing real change across the GEF portfolio. While the exhibited progress in process terms is encouraging, the UK is keen to ensure that gender equality is truly being mainstreamed into projects themselves.
* DFID’s lead environmental adviser should continue to engage with the GEF Secretariat leads for the ozone-depleting substances work stream, in order to understand the impacts of the ongoing delays in progress, and whether the UK can play a role in helping to further these activities.
* Given the current shortfall in the GEF6 budget, it will be important to ensure the GEF can achieve a fair outcome in meeting its sixth replenishment objectives with a smaller resource pool than expected. Guiding principles approved by the October Council meeting lay the foundations by proposing the maintenance of the balance among the original allocations in the GEF-6 replenishment decision, of assistance to Least Developed Countries (LDCs) and Small Island Developing States (SIDS) in accessing resources, and of support to the core obligations to the conventions for which the GEF is a or the financial mechanism.
* DFID’s GEF programme management team should seek to identify areas across the GEF portfolio which might be of interest to DFID country offices, to ensure that colleagues across DFID’s network are given more opportunity to engage with the development and implementation of GEF programming.

**Smart Guide**

The Annual Review is part of a continuous process of review and improvement throughout the programme cycle. At each formal review, the performance and ongoing relevance of the programme are assessed with decisions taken by the spending team as to whether the programme should continue, be reset or stopped.

The Annual Review includes specific, time-bound recommendations for action, consistent with the key findings. These actions – which in the case of poor performance will include improvement measures – are elaborated in further detail in delivery plans. Teams should refer to the Smart Rules quality standards for annual reviews.

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| The Annual Review assesses and rates outputs using the following rating scale. The Aid Management Platform (AMP) and the separate programme scoring calculation sheet will calculate the overall output score taking account of the weightings and individual outputs scores   |  |  | | --- | --- | | **Description** | **Scale** | | Outputs substantially exceeded expectation | A++ | | Outputs moderately exceeded expectation | A+ | | Outputs met expectation | A | | Outputs moderately did not meet expectation | B | | Outputs substantially did not meet expectation | C | |

Teams should refer to the considerations below as a guide to completing the annual review template.

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| **Summary Sheet** |
| Complete the summary sheet with highlights of progress, lessons learnt and action on previous recommendations |
| **A: Introduction and Context** |
| Briefly outline the programme, expected results and contribution to the overall Operational Plan and DFID’s international development objectives (including corporate results targets). Where the context supporting the intervention has changed from that outlined in the original programme documents explain what this will mean for UK support |
| **B: Performance and conclusions** |
| **Annual Outcome Assessment**  Brief assessment of whether we expect to achieve the outcome by the end of the programme |
| **Overall Output Score and Description**  Progress against the milestones and results achieved that were expected as at the time of this review. |
| **Key lessons**  Any key lessons you and your partners have learned from this programme  Have assumptions changed since design? Would you do differently if re-designing this programme?  How will you and your partners share the lessons learned more widely in your team, across DFID and externally |
| **Key actions**  Any further information on actions (not covered in Summary Sheet) including timelines for completion and team member responsible |
| **Has the logframe been updated since the last review?** What/if any are the key changes and what does this mean for the programme? |
| **C: Detailed Output Scoring** |
| **Output**  Set out the Output, Output Score |
| **Output Score**  Enter a rating using the rating scale A++ to C. |
| **Impact Weighting (%)**  Enter the %age number which cannot be less than 10%.  The figure here should match the Impact Weight currently shown on the logframe (and which will need to be entered on AMP as part of loading the Annual Review for approval).  Revised since last Annual Review (Y/N). |
| **Risk Rating**  Risk Rating: Minor/Moderate/Major/Severe  Enter: Minor, Moderate, Major or Severe  The Risk Rating here should match the Risk currently shown on the logframe (and which will need to be entered on AMP as part of loading the Annual Review for approval).  Where the Risk for this Output has been revised since the last review (or since inception, if this is the first review) or if the review identifies that it needs revision explain why, referring to section E Risk |
| **Key points** |
| **Summary of response to programme issues raised in previous annual reviews (where relevant)** |
| **Recommendations** |
| **Repeat above for each Output.** |
| **D: Value for Money and Financial Performance** |
| **Key cost drivers and performance**  Consider the specific costs and cost drivers identified in the Business Case  Have there been changes from those identified in previous reviews or at programme approval. If so, why? |
| **VfM performance compared to the original VfM proposition in the business case**? Performance against vfm measures and any trigger points that were identified to track through the programme |
| **Assessment of whether the programme continues to represent value for money?**  Overall view on whether the programme is good value for money. If not, why, and what actions need to be taken? |
| **Quality of financial management**  Consider our best estimate of future costs against the current approved budget and forecasting profile  Have narrative and financial reporting requirements been adhered to. Include details of last report  Have auditing requirements been met. Include details of last report |
| **E: Risk** |
| **Overall Risk Rating:** Minor/Moderate/Major/Severe  Enter Minor, Moderate, Major or Severe, taken from the overall Output risk score entered in AMP |
| **Overview of Programme Risk**  What are the changes to the overall risk environment/ context and why?  Detail the key risks that affect the successful delivery of the expected results and mitigating actions.  Are there any different or new mitigating actions that will be required to address these risks and whether the existing mitigating actions are directly addressing the identifiable risks?  Any additional checks and controls are required to ensure that UK funds are not lost, for example to fraud or corruption. |
| **Outstanding actions from risk assessment**  Describe outstanding actions from Due Diligence/ Fiduciary Risk Assessment/ Programme risk matrix etc.  Describe follow up actions from departmental anti-corruption strategies to which Business Case assumptions and risk tolerances stand |
| **F: Commercial Considerations** |
| **Delivery against planned timeframe**. Y/N  Compare actual progress against the approved timescales in the Business Case. If timescales are off track provide an explanation including what this means for the cost of the programme and any remedial action. |
| **Performance of partnership**  How well are formal partnerships/ contracts working  Are we learning and applying lessons from partner experience  How could DFID be a more effective partner |
| **Asset monitoring and control**  Level of confidence in the management of programme assets, including information any monitoring or spot checks |
| **G: Conditionality** |
| **Update on Partnership Principles and specific conditions.**  For programmes for where it has been decided (when the programme was approved or at the last Annual Review) to use the PPs for management and monitoring, provide details on:   * Were there any concerns about the four Partnership Principles over the past year, including on human rights? * If yes, what were they? * Did you notify the government of our concerns? * If Yes, what was the government response? Did it take remedial actions? If yes, explain how. * If No, was disbursement suspended during the review period? Date suspended (dd/mm/yyyy) * What were the consequences?   For all programmes, you should make a judgement on what role, if any, the Partnership Principles should play in the management and monitoring of the programme going forward. This applies even if when the BC was approved for this programme the PPs were not intended to play a role. Your decision may depend on the extent to which the delivery mechanism used by the programme works with the partner government and uses their systems. |
| **H: Monitoring and Evaluation** |
| **Evidence and evaluation**  Changes in evidence and implications for the programme  Where an evaluation is planned what progress has been made  How is the Theory of Change and the assumptions used in the programme design working out in practice in this programme? Are modifications to the programme design required?  Is there any new evidence available which challenges the programme design or rationale? How does the evidence from the implementation of this programme contribute to the wider evidence base? How is evidence disaggregated by sex and age, and by other variables?  Where an evaluation is planned set out what progress has been made.  **Monitoring process throughout the review period.**  Direct feedback you have had from stakeholders, including beneficiaries  Monitoring activities throughout review period (field visits, reviews, engagement etc)  The Annual Review process |