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Agenda Item 03

THE GEF MONITORING REPORT 2023

Recommended Council Decision

The Council, having considered document GEF/C.66/03, *The GEF Monitoring Report 2023*, welcomes the report and continued implementation of the GEF-8 Results Measurement Framework.

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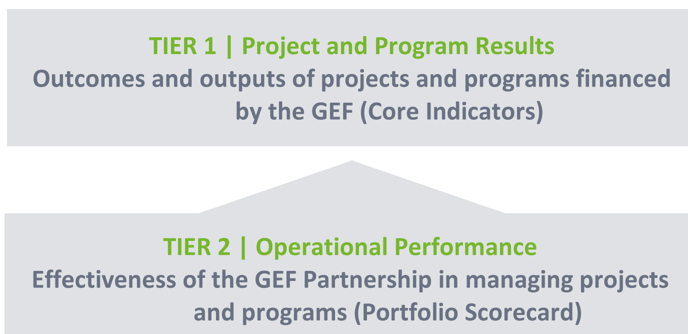
EXECUTIVE SUMMARY

1. **GEF-funded investments have yielded important environmental outcomes, documented through the systematic reporting on implementation progress and results.** Highlights from the 2023 Monitoring Report reveal significant results across five environmental areas. Agencies reached first disbursements in countries with speed and reached an overall higher disbursement ratio, while rating implementation progress in the satisfactory range for over four out of five projects. Financial closure was reached on time for a higher share of the portfolio than a year ago. However, delays in submitting Mid-Term Reviews (MTRs) remain and there has been modest progress in materializing co-financing.

2. **In this edition of the Monitoring Report, the sections are aligned with the two tiers of the GEF-8 Results Measurement Framework (RMF), focusing on outcomes and portfolio efficiency.** The RMF tracks outcomes in five environmental results areas. Additionally, it monitors portfolio advancements along measures of efficiency and effectiveness, as illustrated in Figure A.

Figure A: Two Tiers of the GEF-8 Results Measurement Framework



3. **As more projects report on the current results architecture, this report captures significant levels of achievement across environmental priorities.** This is the second year that the GEF has reported systematically on actual results, as an increasing number of projects mandated to report along Core Indicators reach the MTR and Terminal Evaluation milestones. Select highlights include:

- GEF projects have achieved results at scale in fiscal years 2022-2023, such as creating or managing terrestrial or marine protected areas in 97.9 million hectares, placing 3.3 million hectares of landscapes in production systems under sustainable land management or reducing greenhouse gas emissions by 742.6 million tons.
- The role of the private sector, local communities, and women is integral to many of the environmental outcomes achieved during the reporting period. This report places special emphasis on inclusive practices observed in projects and programs.

4. **The active portfolio shows advances in achieving environmental results on time and with quality.** Tier 2 metrics reflect data provided by Agencies at project level, tracking operational effectiveness and efficiency. They point to progress on the following:

- Implementation start is improving with 82 percent of projects reaching first disbursements within 18 months of CEO endorsement. Agencies are making resources available to countries, as evidenced by the 20 percent disbursement ratio.

- A higher share of MTRs has been submitted before four years of implementation this year. While further progress is needed, this allows more projects to use MTR findings to make improvements.

- Progress in reaching financial closure on time and completing the backlog of projects with outstanding closure is underway. Bilateral engagements with Agencies led to return of $126.7 million of undisbursed resources to the GEF Trust Fund in fiscal 2023.[1]

- More projects reaching the MTR milestone secured the disbursement of at least 35 percent of expected co-financing. This year, 57 percent of projects reached this milestone compared to 50 percent last year.

5. **An update on the risk profile of the GEF portfolio points to a small decrease in the level of risk faced by projects and programs.** The risk to achieving project outcomes as assessed against outcome ratings points to a positive outlook for ongoing GEF investments. More risk analysis is provided along portfolio segments.

6. **The GEF is strengthening its toolkit to assess environmental results and manage its portfolio through geospatial analysis and bilateral engagement with Agencies.** The GEF recently launched the GEF Geospatial Platform, plotting over 10,000 project locations with an ability to overlay datasets and satellite imagery. Separately, bilateral exchanges with Agencies on emerging and potential project challenges now support efforts to improve portfolio progress.

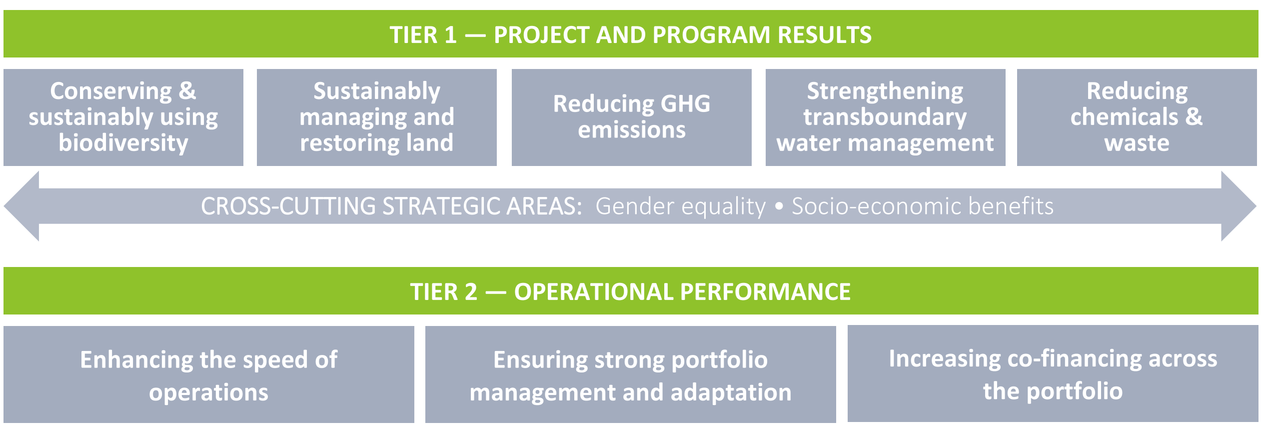
[1] Note: In this report, "$" refers to US dollars.

INTRODUCTION

1. **The Monitoring Report tracks the results of GEF-financed initiatives on global environmental benefits and assesses the effectiveness and efficiency of the ongoing portfolio.** In addition, the report outlines the size and distribution of this portfolio. It offers insights into the advancements made by projects under implementation through the GEF Trust Fund in the last year, encompassing efforts to enhance portfolio progress and project and program effectiveness within the GEF partnership. The report spans the period from July 1, 2022, to June 30, 2023.

2. **This edition presents findings against the GEF-8 Results Measurement Framework (RMF), covering project and program results (Tier 2) and effectiveness and efficiency (Tier 2).** Tier 1 gauges the GEF's contributions to global environmental benefits. Tier 2 assesses the partnership's progress in implementing GEF financing. The RMF strategically aligns these two measurement tiers, forging stronger conceptual links between GEF outcomes (Tier 1) and the inputs, processes, and activities (Tier 2) that contribute to them, as depicted in Figure 1.

Figure 1. Two Tiers Capturing the GEF's Results and Operational Effectiveness



3. **Updates provided by Agencies via the GEF Portal underpin this report and support accountability, including through the newly launched GEF Geospatial Platform.** The report enables the GEF to monitor and manage its investment portfolio effectively. The GEF also makes this information available to the broader public through proactive disclosure on the GEF website and on the International Aid Transparency Initiative (IATI) platform since 2021. Notably, the GEF Geospatial Platform was launched this year and makes available over 10,000 project locations and allows users to overlay datasets and satellite imagery (see thegef.org/maps).

4. **Section 1** maps the contribution of GEF-financed projects in delivering environmental outcomes, along five results areas set out in the GEF-8 RMF. In each area, cumulative results for 2022-2023 are provided against a benchmark. Reporting takes place along Core Indicators, drawing insights from the now large group of projects providing updates through Mid-Term Reviews (MTRs) and Terminal Evaluations (TEs).

5. **Section 2** appraises the progress of the ongoing portfolio, drawing on 15 indicators. Traffic-light symbols indicate the extent of progress in fiscal 2023, after an introductory summary of the portfolio's volume and distribution across different categories. Detailed definitions for all indicators can be found in the GEF-8 RMF Guidelines (GEF/C.62/Inf.12/Rev.01).

6. **Section 3** offers an overview of trends and latest data on risk ratings in the ongoing portfolio. This helps understand the risk to outcomes faced by the GEF portfolio. The section also summarizes the risk outlook of projects, as assessed and reported by Agencies. This builds on continuous reporting on risk in recent editions of the Monitoring Report and comes in the context of the discussion of the *GEF Risk Appetite* at the 66th Council Meeting.

SECTION 1: ENVIRONMENTAL PROGRESS MADE BY GEF FINANCING

5. **This section presents results achieved around the five environmental areas of the GEF-8 RMF for the second year in a row, supported by qualitative project impact analyses.** It also covers cross-cutting priorities, including private sector engagement and gender equality. Each result area, as illustrated in Figure 1, is organized around indicators from Tier 1 of the GEF-8 RMF. The data is derived from MTRs and TEs submitted during fiscal year 2023. This section includes stories from projects that highlight result and offer insight into the performance of specific GEF projects on the ground.

6. **Reporting against the GEF-8 RMF Tier 1 indicators took place at a larger scale this year, as more GEF-6 and GEF-7 projects reach the MTR and TE milestones.** This analysis—both at completion and at advanced implementation stage—holds significance for the GEF in its ability to reflect on its achievements and identify areas where performance enhancements may be possible. Results presented cover cumulative achievements in fiscal years 2022 and 2023, as available at MTR or TE. This year's reporting builds on the practice started last year, which also presented actual results in the context of results achieved in fiscal years 2019-2021. This 2019-2021 reference point serves as a benchmark present latest values. These three years mark the first years of Core Indicators' uptake in projects, thus showing values specific to the very small portion of the portfolio of projects that reported on Core Indicators during these years. Table 1 summarizes this year's performance, offering an overview of actual results for each Core Indicator.

Conserving and Sustainably Using Biodiversity

7. **Improving the conservation, sustainable use, and restoration of natural ecosystems underpins the work of the GEF partnership to enhance biodiversity.** Delivering on this approach requires addressing the underlying factors contributing to biodiversity loss across landscapes and seascapes. The GEF's approach includes a sustained emphasis on safeguarding ecologically viable and climate-resilient ecosystems, along with a diverse array of species.

8. **Leveraging inclusive partnerships, GEF financing supports countries in expanding protected and other areas for biodiversity gains.** In fiscal years 2022 and 2023, 77.1 million

hectares of **terrestrial protected areas were created or under improved management** across countries, along with another 20.8 million hectares of **marine protected areas**.

Table 1. GEF's Contribution to Environmental Results

INDICATOR	Benchmark FY19-21	Latest FY22-23
CONSERVING AND SUSTAINABLY USING BIODIVERSITY		
Terrestrial protected areas created and under improved management (million ha)	1.5	77.1
Marine protected areas created and under improved management (million ha)	0.0	20.8
Area of landscapes under improved practices (million ha)	1.2	19.6
Area of marine habitat under improved practices to benefit biodiversity (million ha)	0.0	1.1
People benefitting from the conservation, sustainable use, or restoration of biodiversity (million)	0.2	5.6
- of whom women (million)	0.1	2.7
SUSTAINABLY MANAGING AND RESTORING LAND		
Area of land and ecosystems under restoration (million ha)	0.1	7.1
Area of landscapes under sustainable land management in production systems	0.3	3.3
People benefiting from sustainable land management and restoration investments (million)	0.2	2.3
- of whom women (million)	0.1	1.0
REDUCING GHG EMISSIONS		
Greenhouse Gas emissions mitigated (million metric tons of CO_2e)	73.7	742.6
People benefiting from climate change mitigation support (million)	2.0	1.3
- of whom women (million)	1.0	0.6
STRENGTHENING TRANSBOUNDARY WATER MANAGEMENT		
Shared water ecosystems under new or improved cooperative management (number)	5	8
Globally over-exploited fisheries moved to more sustainable levels (million metric tons)	0.0	0.01
People benefiting from transboundary water management (million)	0.01	0.1
- of whom women (million)	0.01	0.03
REDUCING CHEMICALS AND WASTE		
Chemicals of global concern and their waste reduced (thousand metric tons)	0.0	11.6
Persistent organic pollutants to air reduced (grams of toxic equivalent)	0.0	106.3
People benefiting from reduced exposure to hazardous chemicals (million)	0.001	18.4
- of whom women (million)	0.001	8.0

9. **Applying Ridge to Reef approaches allows communities in the Pacific to generate income for durable improvement in the management of land, water, and coastal uses.** The GEF's support to ecosystem services in Niue is expanding protected areas by adopting a Ridge to Reef holistic framework that connects landscapes with seascapes (ID 5552, TE). Taking place in a context where communities have been living sustainably on their land and waters for generations, the UNDP-implemented project involved 14 villages that developed land use plans. These plans identified important cultural and biological areas and committed to establishing protected areas covering more than 17,000 hectares of land into, at a time when Niue turned 12.7 million hectares of its marine waters into protected areas. Each village includes a Resource

Management Advisory Committee responsible for making functional a sustainable financing model that generates sufficient revenue to implement the land use plans.

10. **Financing to civil society actors led to protecting biologically rich ecosystems and supporting communities, by building local leadership and delivering innovative solutions.** The Critical Ecosystem Partnership Fund provided implementation support to 52 grantees, over two-third of which were local organizations, including 11 Indigenous People's organizations and a women's group (ID 5735, TE). In addition to strengthening these organizations' implementation capacity, GEF financing protected vast areas in three hotspots—Cerrado, Eastern Afromontane Biodiversity, and Indo-Burma. This led to creating over 3.6 million hectares of protected areas, covering 6.6 million hectares of conservation corridors, and improved the management of an additional 2.2 million hectares that benefited biodiversity. Private sector engagement also helped in mainstreaming biodiversity conservation into rice cultivation and fishing.

11. **Efforts to prevent, control, and manage invasive alien species in the Pacific help address a key driver of biodiversity loss on islands.** Mid-way through implementation, a project implemented by UNEP has started to map out critical areas for control of invasive species. This included building in-country structures and recruiting staff to allow for direct control of measures addressing invasive species, with oversight from the project's executing entity— the Secretariat of the Pacific Regional Environment Programme (ID 9410, MTR). In Tonga, the ongoing eradication of rats is expected to restore seabirds, forest animals, coral reefs, and marine life. Biosecurity legislation have also been reviewed in Niue, Marshal Islands, Tonga, and Tuvalu.

12. Promoting multiple land uses helps support the sustainable use and management of biodiversity. In the reporting period, improved practices to benefit biodiversity have been implemented on 19.6 million hectares of **landscapes and** 1.1 million hectares of **marine habitat**. Across the portfolio, **conservation, sustainable use, or restoration of biodiversity benefited 5.6 million people, close to half of whom were women.**

13. **Agroforestry efforts make a lasting difference for communities living in Brazil's forests by enhancing the sustainable use of biodiversity and promoting eco-businesses.** The Mainstreaming Biodiversity Conservation and Sustainable Use into Non-Timber Forest Products and Agroforestry Production Practices in Multiple-Use Forest Landscapes of High Conservation Value project placed 1.1 million hectares of forest landscapes—Amazon, Caatinga and Cerrado—under improved management to benefit biodiversity. Along with access to credit, the project also provided enterprises with training on the conservation, management, and restoration of agro-ecosystems, as well as harvesting, processing, and commercialization of products (ID 5091, TE). These activities have already led on average to a 30 percent increase in productivity and a 40 percent increase in family income over the course of the project.

14. **Facilitating the utilization of nature-based products in a fair and equitable way adds economic and social value to biodiversity and genetic resources.** This particularly holds true for local and indigenous communities, which have historically been excluded from benefits linked to the utilization of biodiversity solutions they have long cultivated. In supporting the

implementation of the Nagoya Protocol, the GEF helps countries develop and implement national Access and Benefit Sharing (ABS) frameworks (Box 1).

Box 1. Advancing Access and Benefit Sharing of Genetic Resources

Establishing protocols and regulations on how countries and communities can best benefit from the utilization of genetic resources is an important step, but it requires efforts to ensure their effective implementation in countries. GEF support to 22 countries, through a UNDP-implemented project, bridged this gap. The project not only supported the development of national ABS agreements, but also ensured their implementation through strengthening human resources capacity and legal frameworks (ID 5731, TE). These frameworks are established between government, commercial interests and the owners and custodians of genetic resources, such as indigenous peoples and local communities. Special attention was paid to raising awareness of more than 12,000 stakeholders. Such frameworks help level the playing field between users and providers of genetic resources, potentially making genetic resources available for innovation, biodiversity conservation and market development. A landmark achievement of this support lies in the fact that ten countries succeeded in establishing commercial agreements to foster opportunities for bio discovery projects that add value to their own traditional knowledge associated with genetic resources. This is more remarkable as this took place in the context of delays associated with the COVID-19 pandemic.

15. **Protecting migratory soaring birds in the Rift Valley and Red Sea Flyway means ensuring appropriate consideration to birds in key sectors, such as energy, tourism, and agriculture.** With execution support from BirdLife International, a UNDP-implemented project is covering seven countries that are on the route of the flyway spanning Africa (Djibouti, Egypt, Eritrea, Ethiopia, Sudan), as well as Jordan and Lebanon (ID 9491, MTR). The project raises awareness of mainstream bird migration issues across productive sectors and influences the enactment of new and revised country sector policies, such as through making references to the flyway sites a part of Jordan's national land use plan.

16. **Latest results supporting biodiversity took place in conjunction with the launch of the new Global Biodiversity Framework Fund (GBFF) this year.** The GBFF aims to help countries achieve the Global Biodiversity Framework goals and targets with a strategic focus on strengthening national-level biodiversity management, planning, policy, governance, and finance approaches.

Sustainably Managing and Restoring Land

17. **Restoring ecosystems, enhancing drought resilience, and overcoming the rapid loss of healthy and productive land are key priorities of the GEF.** The GEF has a robust track record in supporting land restoration, combating degradation, and alleviating drought impacts via sustainable land management. Part of this focus fosters strong ecosystems in production landscapes that sustain livelihoods in agriculture and forestry. Special attention is given to drought-prone ecosystems and populations, with dedicated efforts in drylands.

18. **The GEF's efforts to restore land and implement sustainable land management in production landscapes are generating significant results.** During the reporting period, 7.1 million hectares of **land and ecosystems under restoration** benefited from GEF financing. Also, support to 3.3 million hectares of **landscapes placed under sustainable land management in production systems** helped sustain food security, restore land, and improve land tenure.

19. **Achieving land degradation neutrality in countries first requires setting achievable and ambitious targets for governments and civil society to assess progress.** GEF financing supporting 106 countries helped establish national land degradation neutrality targets, backed by baseline data in 90 countries to measure progress over time based on shared practices. In effect, this allows countries to map land degradation needs and paves the way for restoration. Managed by the Global Mechanism of the United Nations Convention to Combat Desertification, an IUCN implemented project strengthens country ownership, including by securing formal political commitment to achieve national targets and promote broad participation (ID 9365, TE).

20. **Effective landscape management piloted in one region of Rwanda enhances environmental services and climate resilience, allowing for scale up across the country.** This World Bank-implemented project rehabilitated the Gishwati and Mukura forest reserves. It reversed land conversion occurring in the area through forest restoration and agroforestry approaches in over 3,200 hectares of land by promoting the landscape's ecological connectivity and hydrological function, as well as through training of local eco-guards (ID 4952, TE). The project also promoted livelihoods by bringing communities together in planning for watershed development and use, and silvo-pastoralism. A key outcome stemmed from increased habitat provided to species which led to an increase in the populations of the endangered Eastern Chimpanzee and Golden Monkey, while at the same time reducing human-primate conflicts. This project paved the way for ongoing GEF-8 investments through the Ecosystem Restoration Integrated Program.

21. **Solutions to areas affected by droughts involve participating in the protection of natural habitats, while providing income-generating opportunities for communities in Lao.** Participatory mechanisms and financing support from the government in the Savannakhet Province empowered over 8,000 community members to conserve natural resources, while identifying alternative sources of incomes, such as ecotourism development. Two wildlife-based ecotourism centers were in operation in the area by the completion of the project, both equipped with visitors' infrastructure, including trails, viewing towers, camping grounds, and signage. This UNDP-implemented projects also involved converting 169,000 hectares into protected areas, and another 194,000 hectares identified as high conservation value forests, with further support to the dry Dipterocarp forest (ID 6940, MTR).

22. **Reconnecting parts of disrupted ecological corridors supports multiple land and forest benefits in Chad.** The restoration of the ecological corridors of Mayo-Kebbi Ouest in Chad improved local capacity for the sustainable management of natural resources, leading to increased capacity for CO_2 sequestration in a 21,600 hectare area. This IUCN-implemented project benefited from co-financing from Germany's development agencies (ID 9417, MTR). It

involved training over 650 members of 131 grassroots community organizations to boost local dynamics for forest restoration and effective natural resource management. This led to an uptake in inexpensive and effective sustainable environmental practices, such as implementing assisted natural regeneration, compost, organic amendment, and stone bunds. This investment and others that made progress during the reporting period **benefited 2.3 million people from sustainable land management and restoration**, **1.0 million of whom were women**.

23. **"Engage-Act-Track" stands at the core of the Resilient Food Systems, a program nearing its completion with the goal to bring about lasting sustainability and resilient food production.** This approach is now delivering results by engaging stakeholders in promoting collective action with coherent policies that support the goals of reducing land degradation and biodiversity loss, recovering natural vegetation, and increasing soil carbon. A Regional Hub project housed in the World Agroforestry Center promotes exchanges across the 12 participating countries located in Sub-Saharan Africa. Three countries receiving implementation support from IFAD are adopting sustainable landscape management practices while establishing an enabling infrastructure promoting behavioral change. In Kenya, the Upper Tana-Nairobi Water Fund, a public-private partnership managed by The Nature Conservancy, has been working to help thousands of farmers in the Upper Tana catchment area harvest water, conserve soil, and introduce more sustainable and high-value crops such as Haas avocados, grafted mangos, oranges, strawberries, and macadamia nuts. This program is also active in Burkina Faso and Niger, two countries affected by conflict where significant progress is registered, as evident in the Highly Satisfactory rating received at MTR.

Reducing Greenhouse Gases Emissions

24. **Reducing Greenhouse gas emissions (GHG) is central to GEF investments and key to unlocking environmental gains.** GEF support drives technological innovation, cultivates conducive national policy frameworks, and harnesses all forms of public and private climate finance to facilitate the adoption of low-emissions technologies. GEF finance also supports nature-based solutions that bolster carbon stocks inland and coastal areas. During the reporting period, GEF investments **reduced GHG emissions** by 742.6 million tons of CO_2 equivalent.

25. **Making buildings more efficient yields global and local benefits by reducing greenhouse gas emissions and air pollution.** Buildings are responsible for one-third of global energy demand and one-quarter of global greenhouse gas emissions. Investments in this area took place in over two dozen cities, through a UNDP-implemented project that provided extra support to six cities, including Bogota, Colombia; Tshwane, South Africa; and Mexico City (ID 9947, TE). These cities benefited from tools and expertise for governments, and are engaging with private sector building companies to prioritize locally-appropriate building efficiency policies and actions. This led to the mitigation of 10.1 Mt CO_2 eq of GHG.

26. **GEF investments enable commercial renewable electricity suppliers to provide energy to the electricity market more efficiently in large economies such as China.** In its second phase of implementation, this World Bank-implemented project built on initial investments that established the regulatory framework for renewable-based electricity generation, paving the way

to expand the supply of renewable energy (ID 4493, TE). The project is supporting China in implementing the renewable energy expansion plan contributing to installing 340 GW of hydropower and 210 GW of wind power, in addition to 105 GW of solar PV. Altogether, these investments in renewable energy translated into reducing 3.9 Mt CO_2 eq of GHG.

27. **In coordinating the program to leapfrog markets to energy efficient lighting, appliances, and equipment, the GEF's global project supports market transformation across countries.** This UNEP-implemented global project coordinates investments in Chile, Costa Rica, Indonesia, Kazakhstan, Myanmar, South Africa, Sudan, and Tunisia (ID 9337, MTR). The project provides knowledge resources and disseminates publications on the benefits of improved energy efficiency. Widely disseminated resources include a focus on energy-efficient appliances such as refrigerators or air conditioning systems. Importantly, the project supports ways to craft regulations in countries by sharing experiences, including assistance with country savings assessments that model various energy efficient solutions.

28. **In Jordan, support to the National Energy Efficiency Action Plan fosters accelerated low-carbon development through a series of governance strengthening activities.** In the Great Amman Municipality, this UNDP-implemented project supported the establishment of the country Sustainable Building and Inspection and Control Units in the Ministry of Public Works and Housing (ID 9204, MTR). The project has already installed over 1,000 energy-efficient street lights in public parks in Amman, and has designed blueprints to renovate two existing government buildings with energy efficient practices. Ongoing revision to building energy codes support this effort.

29. **Promoting the use of organic material as a fuel for electricity generation helps reduce greenhouse gas emissions in Turkey.** This UNIDO-implemented project developed 20 business plans for sustainable supply chain management of agricultural residues (ID 9218, MTR). These plans supported bankable bio-energy technology projects developed for scale-up across agro-industrial sectors. The projects are particularly appropriate for Turkey's agricultural land, over two-thirds of which is used for cereal and crop production. Residue from cotton, hazelnut, rice, and sunflower in particular provides useful feedstock for energy production.

30. **GEF financing strengthens capacity of countries to meet the Enhanced Transparency Framework of the Paris Agreement.** In Liberia for example, a project implemented by Conservation International not only improved transparency, but also created an enabling environment for climate finance (ID 9923, TE). The project reinforced the country's capacity to collect data pertaining to greenhouse gas, culminating in the preparation of greenhouse gas inventories. Equipped with technical skills, country stakeholders can now interpret and effectively report on greenhouse gas data, backed by improved governance for the implementation of Liberia's transparency commitments.

31. **Investments to mitigate GHG emissions support people in targeted areas, while also providing global benefits.** Households reap the benefits of energy-efficient buildings and engage in energy or climate-smart agriculture. Moreover, individuals are now adopting low-carbon

mobility practices. During the reporting period, 1.3 million **people benefited from climate change mitigation support**, **half of whom were women**.

Strengthening Transboundary Water Management

32. **The GEF partnership actively champions the preservation of both marine and freshwater ecosystems by promoting collaboration, governance, and strategic investments.** Facilitating successful transboundary water management necessitates collaborative efforts spanning national borders and various sectors. In the reporting period, GEF investments played a crucial role in enhancing cooperative management for eight **shared water ecosystems**. Furthermore, these efforts resulted in the successful transition of 10,000 metric tons of **globally over-exploited fisheries to more sustainable levels**.

33. **Joint environmental management of river basins helps address transboundary issues, such as in southeast of the Balkan Peninsula.** If not managed sustainably, competing uses of the water in Drin River Basin may reduce the amount of water available for human consumption, fishing, agriculture, and tourism. A political process provided the cornerstone for transboundary actions across Albania, Greece, Kosovo, Montenegro, and North Macedonia. This UNDP-implemented project was backed by a Transboundary Diagnostic Analysis that identified transboundary issues and their root causes by a series of steps developed through a Strategic Action Plan (ID 4483, TE). This process involved raising awareness toward promoting sustainable use of water resources among local communities, as well as pilot activities, including constructing wetland for sewage management in Kosovo, managing the Lake Ohrid watershed in Albania and North Macedonia, establishing micro-insurance flood schemes in Albania and Montenegro, and Biomass collection in Montenegro to produce fire briquettes.

34. **Innovative integrated water and environmental management in the river basins entering the Bohai Sea increased water productivity and reduced pollution discharges.** A World Bank-implemented project reduced pollution in targeted areas where water did not meet basic quality standards (ID 5561, TE). This project supported the construction of three wastewater treatment plants and 72 kilometers of sewage pipelines. Effective remote sensing techniques are now in place to detect water pollution quickly and conduct water accounting. Working upstream, improved irrigation technologies and reliance on precise fertilizer application led to improve water productivity in 18,000 hectares of land.

35. **Building on transboundary analyses, the GEF helped implement strategic actions in the Okavango Delta, one of the world's largest Ramsar sites and home to abundant wildlife.** With sites in Botswana and Namibia, the Cubango-Okavango River Basin may cease to be a fully functioning wetlands within a decade. To overcome this threat, a Strategic Action Program clarified decision-making on the optimal use of natural resources within the context of a shared long-term basin development vision with UNDP implementation support (ID 5526, TE). This support included developing opportunities for the basin population to improve their livelihoods with enhanced protection of the basin ecosystem, including through fisheries and climate-smart agriculture and eco-tourism demonstration projects.

36. **Collaboration among West African countries strengthened the management of fisheries, ensuring continued benefits for coastal communities.** While offering rich fishing grounds, fish stocks along the coast of West Africa are overexploited. Depletion of fish stocks has direct bearings on the livelihoods of the 445,000 people working across the fishing value chain in Guinea, Liberia, Mauritania, and Sierra Leone. With World Bank implementation support, national fisheries governance frameworks laid the foundation for better governance, translating into annual fisheries management plans based on scientific advice and institutionalizing the principle of community-based management of local fisheries, such as in Guinea (ID 8029, TE). Quotas in targeted sites as well as active monitoring of illegal fishing assert this strengthened governance.

37. **Initiatives in water management have global environmental benefits while engaging fishing communities and stakeholders in transboundary cooperation.** Achieving this engagement requires enhancing the capabilities of regional authorities responsible for implementing joint action plans and providing training in aquaculture to local communities. In the reporting period, approximately 100,000 **people benefited from transboundary water management** through GEF investments, with 30 percent of them being women.

38. **Amid environmental degradation affecting oceans and river basins, the GEF reaffirms its commitment to safeguard shared marine and freshwater ecosystems.** Effective management requires coordinated efforts between local resource users and policymakers across sectors, along with incentives and investments to enhance sustainability. The GEF's longstanding investments in transboundary assessments and action plans are yielding increased cooperation, governance reforms, and tangible progress. Notably, targeted investments in addressing marine plastics are already making headway in combatting pollution and preserving biodiversity.

Reducing Chemicals & Waste

39. **GEF financing drives policy development for a transformative approach to chemical use and management, targeting the eradication of waste and chemical pollution.** Implementation of advanced techniques and environmental practices mitigate the unintentional release of Persistent Organic Pollutants (POPs) and mercury emissions, while investments seek the elimination of hazardous chemicals from industrial use, products, and waste. During the reporting period, GEF investments **reduced chemicals of global concern and their waste, including POPs and mercury, by 11,600 tons and reduced emissions of unintentionally produced persistent organic pollutants to the air by 106.3 grams of toxic equivalent.**

40. **Over 450 enterprises within China's textile supply chain received training on the hazards associated with chemicals and were educated on good practices.** Executed by UNEP in collaboration with FECO, the project specifically targeted the fashion industry, ensuring enterprises were well-informed about chemical usage regulations (ID 5662, TE). The project team identified and promoted proper practices for chemical handling as a prerequisite for facilitating knowledge exchange among textile and apparel enterprises through a dedicated information exchange pilot platform. This initiative set the groundwork for more substantial investments supporting eco-innovative strategies and circular approaches within the fashion value chain.

41. **Ensuring the safe management and disposal of obsolete agricultural pesticides in Egypt helps address immediate threats to the health of humans and livestock.** While banned for decades, obsolete pesticides, which include POPs and Polychlorinated Biphenyls (PCBs), could leak and contaminate groundwater and the environment given the absence of designated storage and disposal sites in Egypt. This World Bank-implemented projects inventoried safe storage sites and allowed the destruction of 1,500 tons of POPs (ID 3905, TE). This included handling, repackaging, and transporting organic pollutants with proper protocol. Local institutional capacity established through training and direct on-site practice is now in place to identify and manage any further POPs, as demonstrated by the expedited disposal of about 70 tons of organic pollutants stored in the ports, to avoid hazards like the 2020 Port of Beirut explosion.

42. **Applying green chemistry supports Vietnam's green growth, while reducing the release of harmful chemicals, mercury, and POPs.** The pace of industrialization led to a reliance on potentially toxic chemicals and calls for the introduction of green chemistry principles. By completion the project established a green chemistry unit responsible for providing access to financing for green chemistry. The UNDP-implemented project developed technical guidelines for six industrial sectors and technical regulation on lead content (ID 9379, TE). Demonstration projects focused on green electroplating and paint, which drastically reduced POPs and perfluoro octane sulfonic acid. These initial steps fed into the Law on Chemicals review and the National Strategy on the Development of the Chemical Industry. The project also provided evidence that was communicated during awareness raising and training workshops for enterprises from the chemical industry.

43. **The sound management of banned PCBs waste in Montenegro required identification before proceeding to the disposal or treatment of this highly carcinogenic chemical compound.** Achieving this change required equipping the country with legislative improvements supported by a national PCB inventory exercise and by specialized capacity building about safety measures in handling hazardous waste. This included managing relationships with the two industry partners holding the most PCB in the country, as part of the project implemented with UNDP support (ID 9045, TE). In total, the project disposed of 1.6 tons of contaminated equipment and soil.

44. **The GEF is aligned with the Minamata and Stockholm Conventions and remains committed to reducing and eliminating hazardous chemicals from various value chains.** The GEF will support pertinent Strategic Approach to International Chemicals Management objectives and the Montreal Protocol. Collaborating with national authorities and the private sector is essential to mitigate the adverse impact of chemical pollution on human health. During the reporting period, 18.4 million people benefited from reduced exposure to hazardous chemicals, over 40 percent of whom were women.

Cross-cutting Strategic Areas

45. **GEF investments strategically incorporate cross-cutting elements, including private sector engagement and gender equality, to optimize environmental results.** Countries with GEF

investments are achieving consistent and lasting environmental advancements by prioritizing these strategic focus areas.

Private Sector Engagement

46. **GEF investments act as catalysts and enable multiple entry points for private sector companies to contribute to tackling the drivers of environmental degradation.** For example, it made business sense for enterprises from the textile industry in China to understand existing regulations through engagement with the government. This matters as understanding norms and adhering to them rewards sustainability practices and penalize reliance on harmful practices. GEF investments help bring knowledge to smaller enterprises that may not have the resources to be at the cutting-edge of environmental practices, through awareness-raising campaigns and dissemination of knowledge.

47. **Multi-stakeholder platforms allow partnerships to scale across entire value chains.** Generating responsible demand for reduced deforestation commodities calls for moving beyond one-on-one corporate engagement toward establishing multi-company platforms from all sectors involved in the value chain (ID 9182, TE). Such efforts took place under the Good Growth Partnership, including, for instance, supporting Paraguay in bringing about a “sustainable beef” approach through the establishment of a platform to develop guidelines to steer the beef industry toward sustainability. In the palm oil sector, engaging buyers on different fronts that would make their practices more sustainable has proven effective, such as through the launch of sustainable sourcing guidelines and the establishment of the Green Lifestyle Platform to help member companies follow a path toward sustainable sourcing.

48. **The GEF engages with enterprises of all sizes, including owner operators, by providing the enabling environment for the sustainable management of natural resources.** Investments in West Africa indicated how strengthened governance limited illegal fishing from large vessels, while promoting sound management of fish stocks by local fishing companies adhering to quotas. Engaging with the private sector starts during the project design stage to ensure that all actors contribute to results. Hundreds of private sector entities have been engaged in fiscal 2023, in particular as part of the development of Integrated Programs.

49. **Unlocking increased investment from the private sector through blended finance allows for innovative financial structure in key environmental markets.** Financial instruments other than grants will remain essential for combining funds to achieve risk and return profiles that are acceptable for private investors while reaching environmental goals. To date, the use of blended finance proves crucial to secure high co-financing and extensive participation of private investors. In GEF-6 and GEF-7, the average co-financing ratio was 1:18, with the private sector representing two-thirds of that investment. Most of the investments have been mobilized in projects with significant aspirations for nature and climate action.

Gender Equality

50. **GEF investments pay special attention to the role of gender equality in the delivery of environmental outcomes.** This focus stems from a variety of factors, including the outsized presence of women in the workforce of specific industries. For example, as women make up the bulk of fish processing workers in West Africa, it is important to take gender equality into account when investing in value chain activities, such as by providing increased security and sanitary conditions. In Guinea, the GEF's attention to gender equality translated into promoting alternative income generating activities for women, such as fish smoking, plastic recycling, or beekeeping. These alternatives proved particularly helpful during reduced fishing activity, for instance due to COVID-19, as women continued generate income through other means, making their overall community more resilient.

51. **Projects and programs address the gendered impacts of environmental degradation, and support equitable resource management and economic empowerment for women.** Projects and programs collect sex-disaggregated data and have established frameworks to monitor and track sex-disaggregated and gender-sensitive indicators and results at program or project level. The Resilient Food Systems program, for example, developed a program-level gender monitoring framework, supported by the development of monitoring guidelines. Many child projects under the program have developed gender responsive results frameworks and are currently tracking gender indicators linked to the program results framework.

52. **Targeted actions to ensure women's participation is key to ensure the meaningful contribution of women to project success.** Taking account of the burden of domestic and household work impeding women's ability to engage in productive activities proves important in a number of settings. This is the case when addressing marine protected areas in Ecuador (ID 9369, MTR), as well as supporting land management in Uganda (ID 9137, MTR). In both instances, interventions included holding training sessions online and providing caregiving services to help women access information on economic opportunities offered by the projects. Other projects identified different solutions, such as accommodating women's schedules, providing childcare services, setting quotas, and engaging men to overcome barriers to women's participation.

SECTION 2: EFFECTIVENESS OF THE GEF PARTNERSHIP IN MANAGING ITS INVESTMENTS

53. **This section offers an overview of the current portfolio and outlines the progress of GEF investments during fiscal 2023.** The analysis encompasses the entire partnership, examining operational effectiveness and efficiency at the Agency, regional, and country group levels based on updates from implementing Agencies. Table 2 displays GEF averages for fiscal 2023, with benchmarks from fiscal years 2019-2021 for RMF's Tier 2 indicators (Figure 1). These benchmarks offer a context for the latest performance values, drawing from four years of consistent metric use. Additional breakdowns in Table 3 and Table 4, organized by Agency, region, and country group, provide further insights. Annex A details the number of projects contributing to each indicator, offering context on the portfolio size for each Agency and region. This approach establishes a multi-year time series (Figures 3, 5, 6) and enhances oversight.

54. **Formal bilateral exchanges with Agencies on emerging and potential projects now back systematic reporting on portfolio progress and promote adaptive management.** Addressing a GEF-8 commitment, the GEF has now conducted two bilateral exchanges with Agencies, structured around Tier 2 indicators and providing detailed information at the project level. This dialogue helped improve overlooked challenges, such as in support of prompt financial closure (see Box 3). The Secretariat is also making available Agency Factsheets on the GEF website. This new instrument enhances accountability on progress by Agency for the benefit of operational focal points and other stakeholders.

55. **In fiscal 2023, the GEF Trust Fund reached $781 million in net project commitments from approved projects, with project financing disbursements totaling $590 million. The active investment portfolio encompasses $8.6 billion of GEF financing, with substantial co-financing of $59.4 billion.** In fiscal 2023, a comprehensive progress update was provided for a total of 891 GEF-financed Medium-sized projects (MSPs) and Full-sized projects (FSPs) currently under implementation, collectively representing a net commitment of $5.1 billion. Within this portfolio, FSPs constitute 91 percent of the overall volume with a total of 673 projects, while MSPs contribute 6 percent with 218 projects. The remaining portion is covered by 133 Enabling Activities (EAs) (see Figure 2.A).

56. **Over half of the resources invested target the Biodiversity and Climate Change focal areas.** Figure 2.B highlights the distribution by focal area along the financial resources used by projects. Biodiversity accounts for 29 percent of the portfolio, while the share of Climate Change resources reached 26 percent, followed by Land Degradation, International Waters, and Chemicals and Waste. The remaining Multi-Focal Area projects refer to investments from earlier GEF periods with no breakdown by contributing focal area.

57. **The share of projects in Least Developed Countries (LDCs) and Small Islands Developing States (SIDS) remains stable at 21 percent and 11 percent respectively across regions.** This is unchanged for LDCs and down from 12 percent for SIDS a year ago. This reflects the continuous investments in support of these two country groups in recent GEF phases. Across regions, Africa, Asia, and Latin America represent 78 percent of the portfolio (see Figure 2.C). Global and Regional projects, which are not specific to a given region, represent 14 percent and 1 percent of the portfolio respectively.

58. **The share of the three Agencies—UNDP, UNEP, and World Bank—with the largest portfolio remains stable at 64 percent, following decreases over the past three years.** This confirms that the share of commitments under implementation from other Agencies continues to slowly increase. The portfolio of FAO and UNIDO reached respectively $465 million and $417 million. Figure 2.D presents the size of Agency portfolio in terms of financing and project number, covering projects for which Agencies shared an implementation update this year.

Figure 2. Portfolio distribution

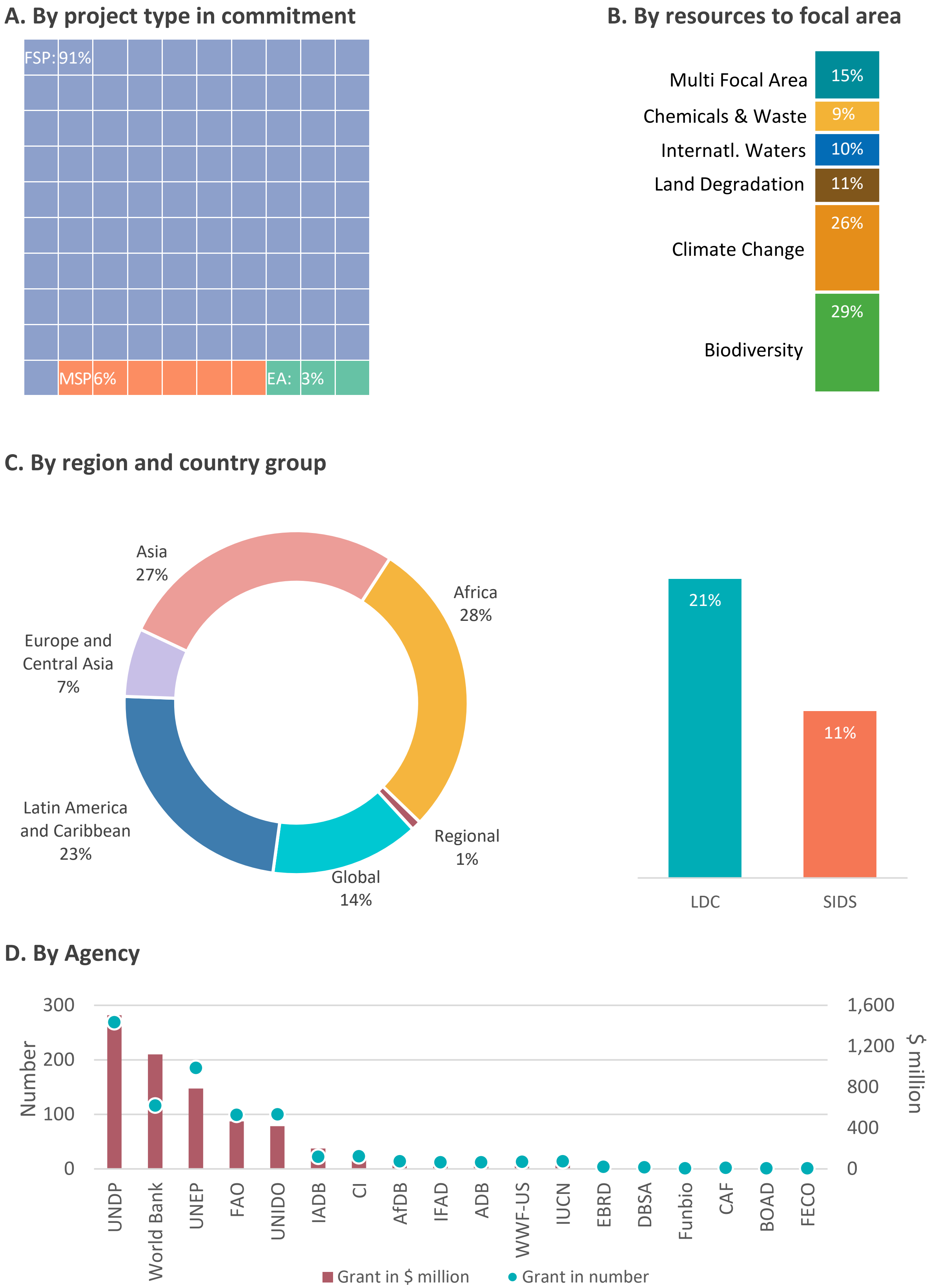


Table 2. Effectiveness and Efficiency of GEF-financed Projects (Tier 2 indicators)

INDICATOR (%)	FY19-FY21 Benchmark	FY23 Latest
ENHANCE THE SPEED OF OPERATIONS		
Time from CEO endorsement / approval to first disbursement below 18 months	65	82
Time from CEO endorsement to mid-term review submission below 4 years	52	57
MSP age below 4 years	67	58
FSP age below 6 years	86	77
Completed projects with a timely Terminal Evaluation	87	62
ENSURE STRONG PORTFOLIO MANAGEMENT		
Disbursement ratio of ongoing portfolio	21	20
Projects rated in the satisfactory range for both Implementation Progress and Development Outcome	81	80
Projects rated in the satisfactory range for Implementation Progress	84	82
Projects rated in the satisfactory range for Development Outcome	87	87
Proactivity index		83
Project with disbursement in the past year	92	87
Over 50% disbursed balance after 3 years of implementation for MSPs	77	73
Over 50% disbursed balance after 5 years of implementation for FSPs	84	85
Projects with financial closure after Terminal Evaluation submission	86	88
Projects financially closed on time in the last year	75	66
INCREASE CO-FINANCING ACROSS THE PORTFOLIO		
Co-financing materialized higher than 35% at MTR	60	57
Co-financing materialized higher than 80% at Terminal Evaluation	56	50

Above 80% of the project portfolio
From 60% to 80% of the project portfolio
Below 60% of the project portfolio
Data not available

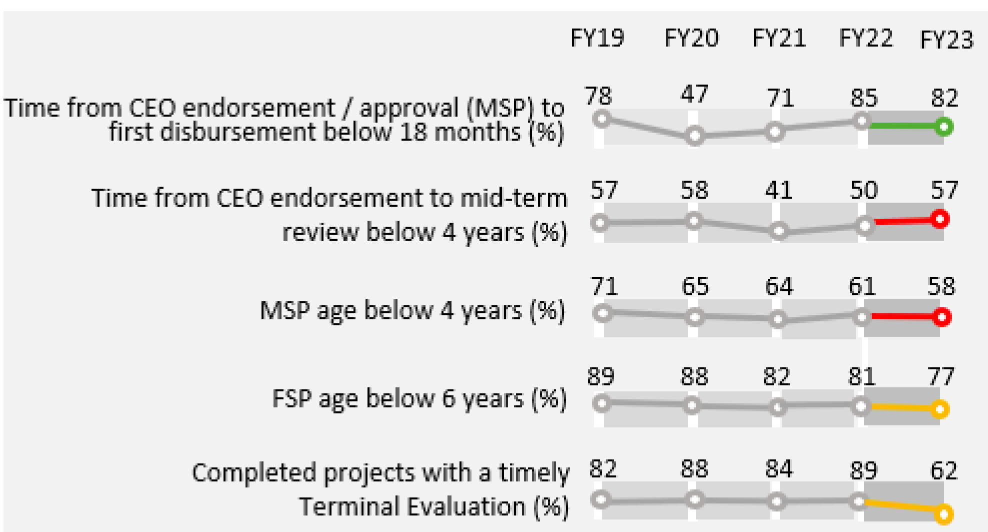
Enhancing the Speed of Operations

59. **Agencies reached first disbursements within less than 18 months for the vast majority of projects.** In fact, 82 percent of ● projects that disbursed for the first time in fiscal 2023 did so within 18 months of CEO endorsement/approval, down from 85 percent a year ago. It indicates a significant level of readiness from Agencies and countries to start implementation promptly once CEO endorsed. Among Agencies AfDB, UNDP, UNEP, World Bank, and WWF performed at this high level. Europe and Central Asia, and Latin America and the Caribbean are the two regions registering the highest share of projects reaching first disbursement within 18 months.

60. **More MTRs took place this year within the first four years of project implementation, registering progress for the third year in a row.** In fiscal 2023, 57 percent of ● **projects reached MTR within four years of implementation**, higher the 50 percent seen in FY 2022. While progress is evident, there is room for further overall improvement so that projects will be able to take stock of implementation challenges early enough to allow for project turnaround. CI, IFAD, UNDP, and UNIDO reached the milestone of submitting MTRs within four years of implementation for over two-thirds of their portfolio.

61. **Implementation progress continues to be on par with plans for most projects, with about a quarter of full-sized projects now beyond their expected duration.** Asia and Global projects have the highest share of overaged FSPs. The share of ● **FSPs younger than six years** reached 71 percent, down from 81 percent last year. Meanwhile, 58 percent of ● **MSPs were younger than four years**, just below the 61 percent observed last year. Longer than anticipated MSPs take place in particular in the Africa region, as well as in the Europe and Central Asia, and Latin America and Caribbean regions.

Figure 3. Enhance the Speed of Operations



62. **Many terminal evaluation reports were submitted this year, two-thirds by Agencies within the policy standard of 12 months from completion.** Submitting independent completion reports helps the GEF partnership learn and demonstrate results. In fiscal 2023, 62 percent of ●

completed projects submitted a terminal evaluation on time, down from 87 percent a year ago. In fiscal 2023, 172 projects submitted a terminal evaluation.

Ensuring Strong Portfolio Management

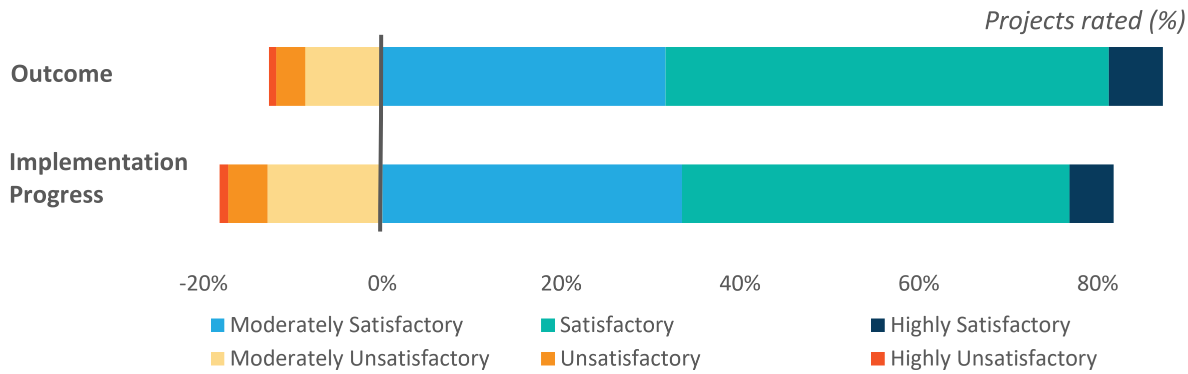
63. **The disbursement ratio improved in fiscal 2023, attesting to advances in implementation for GEF-7 projects.** This year's **disbursement ratio** reached 20 percent, up from 19 percent a year ago. This confirms an average of about five years from full implementation start to completion. FAO, UNDP, UNEP, and UNIDO helped uphold this performance with strong disbursement ratios and large portfolios. Disbursement ratios stayed close to the GEF average across regions and country groups, while projects that are regional in scope disbursed faster.

64. **Altogether, 80 percent of projects confirm making ● moderately satisfactory and higher implementation progress as well as being on track to likely achieve planned outcomes.** Projects in Africa, Europe and Central Asia, as well as LDCs and especially SIDS, face greater implementation challenges. More specifically, 82 percent of ● **projects were rated in the satisfactory range for Implementation Progress**, just below last year's performance of 83 percent. The outlook remains strong, however, as 87 percent of ● **projects were rated in the satisfactory range for the likelihood to achieve their Development Objective**, one percentage point higher than last year. Box 2 presents the share of projects in the satisfactory range by focal area and Figure 4 highlights the distribution of ratings across the portfolio.

65. **Projects rated in the unsatisfactory range a year ago demonstrated adaptative management and proactivity in overcoming implementation challenges in fiscal 2023.** This indicates countries' ability to instill project turnaround toward meeting intended environmental outcomes. The proactivity index assesses the share of projects rated in the unsatisfactory range a year ago for either Implementation Progress and/or Development Outcome, and that have since then demonstrated proactivity in areas such as: reaching a higher project rating, completion, cancellation, or making changes to financial management or the results framework. In fiscal 2023, the ● **proactivity index** reached 83 percent, higher than 77 percent a year ago. Highest progress was observed on average in Africa and Latin America, supported in particular by UNEP, UNIDO, and the World Bank. This proactivity manifested itself in different ways, including an increase in implementation progress or development rating, a change in the project results framework, its institutional and implementation arrangements, or in financial management.

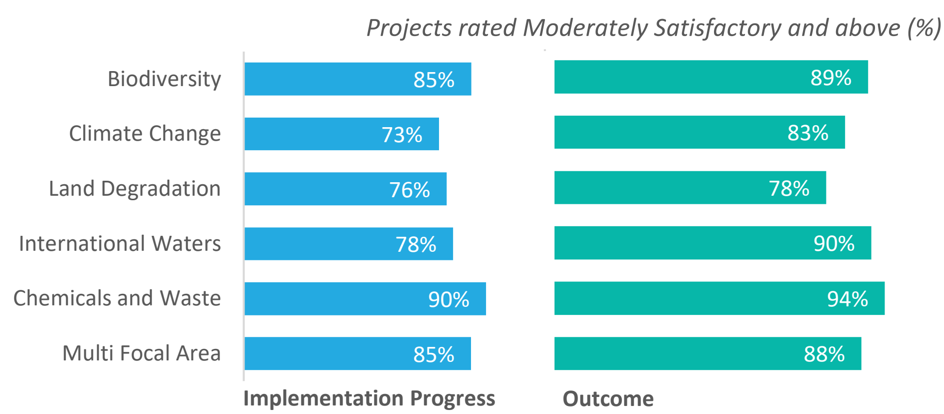
66. **The vast majority of projects disbursed financing in the past year, confirming implementation progress is taking place across the portfolio.** During fiscal 2023, **87 percent of projects ● disbursed new resources**, just below the 89 percent performance reached a year ago. This remains within the range of progress observed over the past three years. Overall, progress in this area confirms the ability of countries to implement well-resourced activities toward the achievement of environmental outcomes. Asia and LDC accounted for the region and country group with slightly lower performance levels at respectively 84 percent and 85 percent.

Figure 4. Distribution of Outcome and Implementation Progress Ratings of Ongoing Projects



Box 2. Projects Rated in the Satisfactory Range by Focal Area

The Biodiversity, and Chemicals and Waste focal areas reached the highest share of projects rated satisfactory for implementation progress. High percentages are observed across focal areas on the likelihood to achieve development outcomes. A positive outlook for achieving project outcomes in Climate Change and Land Degradation support the lower share of projects rated in the satisfactory range for implementation progress for these focal areas.



67. **Agencies indicate that most projects have disbursed well over 50 percent of their financing as they near their planned completion time.** This is particularly the case for FSPs. This year, 85 percent of **FSPs older than five years have disbursed over 50 percent of their financing**, down from a year ago but on par with performance two years ago. UNDP, UNEP and UNIDO supported the high performance observed this year. Given their shorter planned duration, a different threshold is applied for MSPs. In fiscal 2023, 73 percent of **MSPs older than three years have disbursed over 50 percent of their financing**, a lower performance than 73 percent a year ago. IADB, IUCN, UNEP, UNIDO, and WWF performed better than average in ensuring MSPs have disbursed the majority of financing at this advanced implementation stage.

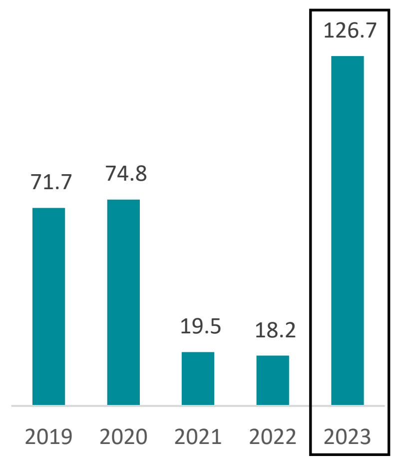
68. **Progress in reaching financial closure improved in the last year, both for projects with overdue closure and in terms of timely closure.** In fiscal 2023, 88 percent of **projects with a terminal evaluation report had reached financial closure**, higher than 85 percent a year ago. An

important share of completed projects also met the policy standard of reaching financial closure within 12 months of terminal evaluation. In total, 66 percent of the ● **projects were financially closed on time in the last year**, an increase from 64 percent a year earlier. This overall progress translated into significant resources returned to Trustee (see Box 3).

Box 3. Increase in undisbursed financing from financially closed projects

The GEF Secretariat has been actively engaging Agencies to ensure comprehensive and prompt financial closure of completed projects. This engagement culminated in detailed bilateral exchanges on project challenges in fiscal 2022 that led to the closure of more projects than usual and with larger volumes of unused resources returned to the GEF Trustee. In fact, the chart below indicates that $126.7 million of GEF resources were returned to the Trustee in fiscal 2023 alone, or a larger amount than was returned during the three past years cumulatively, as presented for a portion of returned resources in June 2023 (GEF/C.64/03/Rev.02). The Secretariat is continuing its engagement with Agencies to identify any additional unused resources after financial closure. The Secretariat also is consulting with the Trustee and Agencies to consider whether any additional steps can be taken to facilitate and ensure prompt return of such funds.

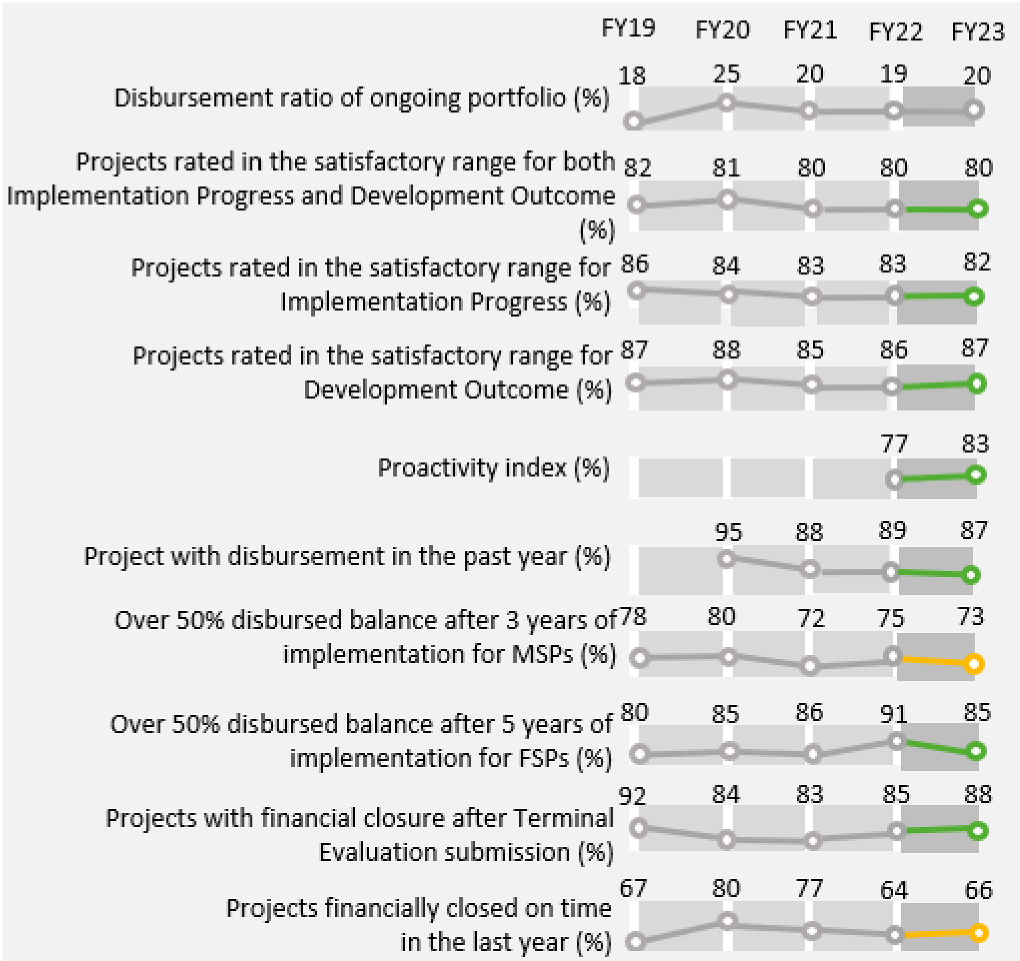
Returned GEF resources at financial closure by fiscal year ($m)



As Agencies reach financial closure in coordination with countries, they return unused resources from project financing to the GEF Trustee, allowing it to cover possible shortfalls in resources due to exchange rate fluctuations or further use for programming or other initiatives. The Secretariat, in consultation with the Trustee, is holding off any recommendation about the potential use of these funds later in the GEF-8 cycle when more will be known about any possible shortfalls or other considerations.

As they design projects and programs, Agencies estimate with countries the nature and cost of financing activities in relation to resource availability, absorptive capacity, and the cost of goods and services to be supported. At completion, the overall burn rate or extent of disbursement achieved reached on average 95 percent for GEF-5 projects. The large amount of returned resources observed in FY2023 is due to a few large projects that did not reach the anticipated implementation progress.

Figure 5. Ensuring strong portfolio performance



Increasing Co-financing Across the Portfolio

69. **Mid-way through implementation, 57 percent of projects indicate disbursement by partners ● higher than 35 percent of the anticipated co-financing.** This is above last year's average of 51 percent, during a year when more MTRs than usual were submitted . This standard was upheld by higher performance from the AfDB, CI, FAO, IFAD, the World Bank, and WWF. However, delays continue in making co-financing resources available early on to support project progress. This points to the need for regular engagement with co-financiers during implementation for prompt release of resources needed to meet environmental objectives. Projects in Europe and Central Asia, and in SIDS indicate a lower-than-average share of projects with co-financing that met the 35 percent threshold.

70. **Co-financing materialized at completion on par with expectations at project design for half of the projects.** Donor agencies, private sector actors, recipient countries, and bilateral donors provided co-financing amounts on average on par with expectations. IADB, UNDP, and UNIDO on average secured a higher share of co-financing than other Agencies by project completion time. Across regions and country groups, Africa and LDCs noted lower than

anticipated co-financing by the time projects reach Terminal Evaluation. In fiscal 2023, 50 percent of projects ● **materialized above 80 percent of co-financing at terminal evaluation**, on par with last year's performance status. Figure 7 provides a representation of the two co-financing indicators by region and country group, along with the GEF average.

Figure 6. Increasing Co-Financing Across the Portfolio

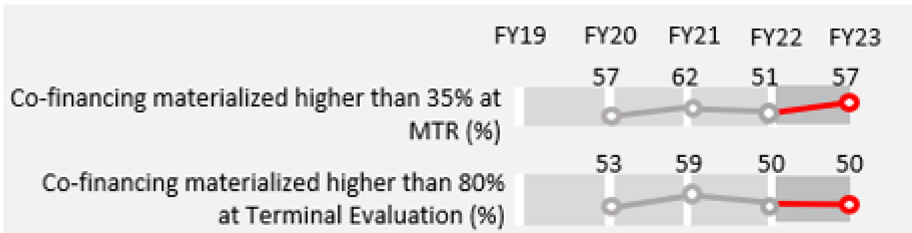
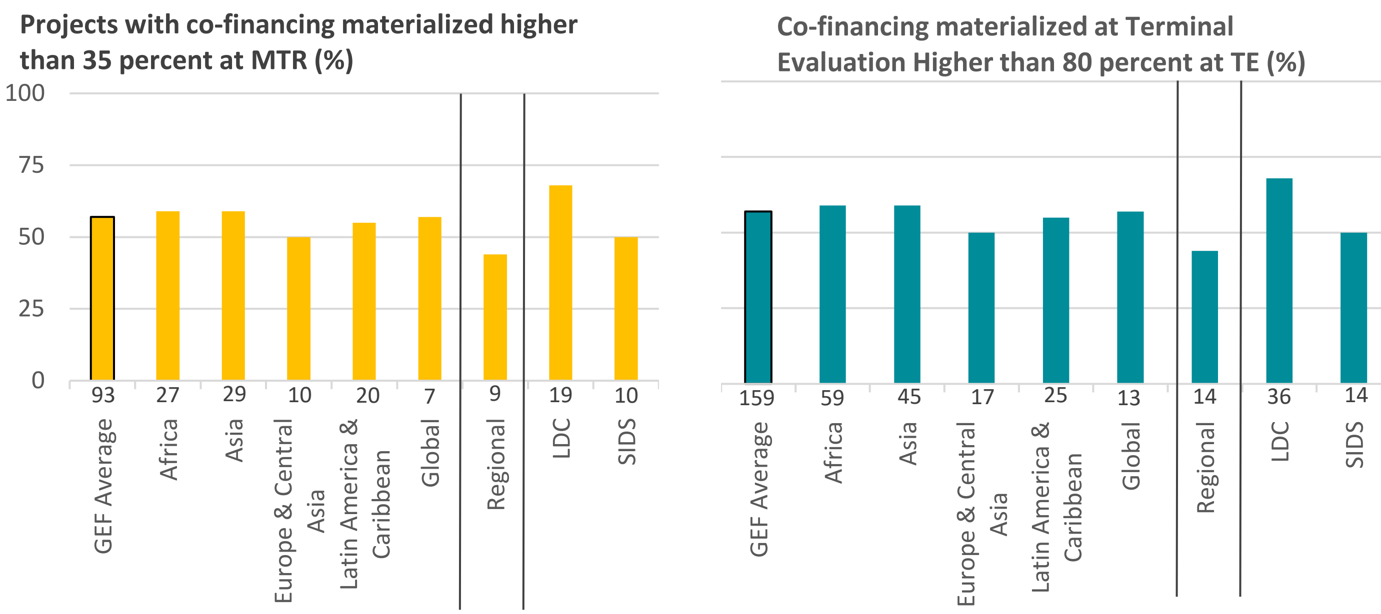


Figure 7. Progress in Materializing Co-Finance at MTR and Terminal Evaluation



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71. **Engagement with Agencies toward reaching full submission of Project Implementation Reports (PIRs) led to a higher submission rate of PIRs this year.** The submission rate for FSPs reached 85 percent for FSPs and 80 percent for MSPs, up from respectively 84 percent and 77 percent for MSPs a year ago. The decreasing gap in submission is to some extent due to recently completed projects that are about to submit a Terminal Evaluation, with no implementation progress to report on over the fiscal year. This improvement comes in a context where a higher number of PIRs were submitted as compared to last year. Bilateral exchanges with Agencies support compliance with the requirement to submit a PIR every year for projects under implementation.

Table 3. Tier 2 Fiscal 2023 Values and Performance by Agency[2]

INDICATOR (%)	GEF Average	ADB	AfDB	BOAD	CAF	CI	DBSA	EBRD	FAO	FECO	FUNBIO	IADB	IFAD	IUCN	UNDP	UNEP	UNIDO	World Bank	WWF
ENHANCE THE SPEED OF OPERATIONS																			
Time from CEO endorsement / approval to first disbursement below 18 months	82	100			75	75	0		78			50		67	86	85		83	100
- MSPs only	85	100			100	100			75					100	83	83		100	
- FSPs only	81				50	50	0		80			50		50	87	86		80	100
Time from CEO endorsement to mid-term review submission below 4 years	57	0				67		0	20			50	67	40	76	43	100	38	50
MSP age below 4 years	58	0			100	100		0	92	100		0		50	68	58	39	20	80
FSP age below 6 years	77	50	67	100	100	100	100	50	75		100	56	50	100	93	70	40	75	100
Completed projects with a timely Terminal Evaluation	62	0	50			67			100					50	95	9	0	37	100
ENSURE STRONG PORTFOLIO MANAGEMENT																			
Disbursement ratio of ongoing portfolio	20	13	18			18	18	5	24	20	22	22	14	37	20	22	26	14	18
Projects rated in the satisfactory range for both Implementation Progress and Outcome	80	80	91	0	100	100	100	67	95	100	100	86	100	92	54	88	87	90	75

[2] Presenting data at Agency level is a complex undertaking with several methodological challenges: 1) Variations of performance levels across Agencies may occur as few projects populate an Agency's data set, making averages sensitive to outliers. Threshold effects can compound this challenge. 2) Countries and implementing and executing Agencies share the responsibility to achieve project progress. 3) Project progress can be challenged by external events, as evident from the consequences of the COVID-19 pandemic. 4) Agencies may use different methodologies and levels of candor or stringency in applying project ratings. This is the case of UNDP, which has made substantial changes to its annual reporting in 2017, resulting in a smaller share of projects rated in the satisfactory range. Separately, it should also be noted that agencies use different triggers to disburse resources, blend GEF financing with other resources, and use financing as part of project additional financing—all elements that affect disbursement speed.

INDICATOR (%)	GEF Average	ADB	AfDB	BOAD	CAF	CI	DBSA	EBRD	FAO	FECO	FUNBIO	IADB	IFAD	IUCN	UNDP	UNEP	UNIDO	World Bank	WWF
Projects rated in the satisfactory range for Implementation Progress	82	80	92	100	100	100	100	67	95	100	100	91	100	92	56	89	88	93	83
Projects rated in the satisfactory range for Development Outcome	87	80	91	0	100	100	100	100	96	100	100	86	100	100	70	93	93	93	93
Proactivity index	83	0	67			100		100	67			100	100	100	81	85	100	92	100
Project with disbursement in the past year	87	80	91	0		86	100	100	100	100	100	77	75	100	96	79	78	76	100
Over 50% disbursed balance after 3 years of implementation for MSPs	73	0						50	75			100		100	50	82	83	25	100
Over 50% disbursed balance after 5 years of implementation for FSPs	85	67	50		100	100	100	0	85		100	79	100	100	86	94	85	79	50
Projects with financial closure after Terminal Evaluation submission	88	100	36			81		50	67			83	94	0	88	74	96	96	100
Projects financially closed on time in the last year	66	80	100			83		100	14				100		57	54	50	93	100
INCREASE CO-FINANCING ACROSS THE PORTFOLIO																			
Co-financing materialized higher than 35 percent at MTR	57	100				67		0	64			50	67	60	54	45	0	78	100
Co-financing materialized higher than 80% at Terminal Evaluation	50	40	0			67			44					50	60	30	100	33	100

Table 4. Tier 2 Fiscal 2023 Values and Performance by Region and Country Group

INDICATOR (%)	GEF Average	AFRICA	ASIA	EUROPE & CENTR.ASIA	LATIN AM. & CARIBBEAN	GLOBAL	REGIONAL	LDC	SIDS
ENHANCE THE SPEED OF OPERATIONS									
Time from CEO endorsement / approval to first disbursement below 18 months (%)	82	79	65	89	84	100	100	75	67
- MSPs only (%)	85	75	33	100	100	100	100	57	67
- FSPs only (%)	81	80	75	78	79	100	100	85	67
Time from CEO endorsement to mid-term review submission below 4 years	57	44	63	86	50	71	0	41	88
MSP age below 4 years (%)	58	48	67	59	59	64	80	46	63
FSP age below 6 years (%)	77	78	69	76	87	74	33	79	87
Completed projects with a timely Terminal Evaluation (%)	62	55	65	63	75	62	59	50	67
ENSURE STRONG PORTFOLIO MANAGEMENT									
Disbursement ratio of ongoing portfolio (%)	20	18	18	20	19	26	18	20	19
Projects rated in the satisfactory range for both Implementation Progress and Outcome (%)	80	78	80	78	80	93	86	76	68
Projects rated in the satisfactory range for Implementation Progress (%)	82	79	81	79	82	97	86	78	70
Projects rated in the satisfactory range for Development Outcome (%)	87	87	86	88	86	95	86	83	71
Proactivity index (%)	83	84	75	83	90	100	80	84	84
Project with disbursement in the past year (%)	87	87	84	88	91	86	87	85	91
Over 50% disbursed balance after 3 years of implementation for MSPs (%)	73	78	53	67	88	67	100	67	80
Over 50% disbursed balance after 5 years of implementation for FSPs (%)	85	78	89	86	80	94	100	74	87
Projects with financial closure after Terminal Evaluation submission (%)	88	82	86	91	82	82	32	82	71
Projects financially closed on time in the last year (%)	66	65	69	83	47	83	100	49	37
INCREASE CO-FINANCING ACROSS THE PORTFOLIO									
Co-financing materialized higher than 35 percent at MTR (%)	57	59	59	50	55	57	44	68	50
Co-financing materialized higher than 80% at Terminal Evaluation (%)	50	31	62	65	48	85	36	39	57

Small Grants Programme

72. **The GEF reinforced its support for local environmental actions and civil society actors in GEF-8 by establishing the GEF Small Grants Programme 2.0 (SGP 2.0).** This allows for an increased financial envelope to civil society actors, opens up SGP implementation to multiple Agencies, and allows for targeted action through two dedicated windows: the CSO Challenge Program and the Microfinance Initiative. This also came with changes to the oversight role of the GEF Secretariat. This year marks the first time that UNDP-SGP provided more comprehensive progress updates on the SGP through the GEF Portal. The following draws from this update and the latest UNDP SGP Monitoring Report.[3]

73. **The 2,200 GEF-financed SGP grants under implementation in fiscal 2023 represented $76.0 million of Core and STAR financing, with a co-financing ratio of 1.1:1**. Disbursement progress is presented in Table 5 with detail by SGP global core financing and STAR funding. It highlights disbursement progress in GEF-7, with 68 percent of core resources now disbursed. Meanwhile, GEF-5 resources are nearly exhausted and $11.7 million of GEF-6 financing remains available for disbursement. This support to CSOs and community-based organized led in fiscal 2023 to complete 792 grants.

Table 5. Disbursement status of GEF-5, GEF-6 and GEF-7 SGP grants under implementation

GEF Phase	Financing type	Net endorsed amount ($ million)	Total disbursed as of end of FY23 ($ million)	Disbursement rate as of end of FY23	Disbursed in FY23 ($ million)
GEF-5	Core	134.6	134.6	100%	..
	STAR	120.6	119.9	99%	0.4
GEF-6	Core	134.6	134.6	100%	..
	STAR	36.5	24.8	68%	8.5
GEF-7	Core	123.1	83.9	68%	36.3
	STAR	43.9	..	0%	..

74. **In GEF-8, progress is taking place with the first tranche of SGP 2.0 approved, as additional SGP Implementing Agencies are being identified.** To date, $137.5 million has been allocated: 67.5 million from core financing and $70.0 million from participating countries' STAR allocation. The selection progress to identify new SGP implementing agencies is now underway.

75. **Ceilings by expenditure category for SGP 2.0 will allow tracking resources financing civil society, as well as supporting capacity building, knowledge management, and M&E.** Table 6 indicates the share of resources taking the form of grants to civil society organizations, in relation to other expenditure categories. Further details will be made available as SGP 2.0 continues to

[3] The full *Annual Monitoring Report* prepared by UNDP and the SGP implementing unit is available at: www.sgp.undp.org.

advance, in line with caps established for Project Management Costs, M&E, Knowledge Management, Capacity development, and technical assistance (GEF/C.63/06/Rev.01).

Table 6. Grant and Non-Grant Planned Expenditures

	GEF-5 Financing		GEF-6 Financing		GEF-7 Financing	
	Core	STAR	Core	STAR	Core	STAR
Grants to CSOs and CBOs, including Grantmakers Plus	64%	80%	55%[4]	80%	61%[5]	80%
Non-grant	36%	20%	45%	20%	39%	20%
- of which program cost[6]	22%	6%	31%	6%	25%	6%
- of which project management cost[7]	10%	10%	10%	10%	10%	10%
- of which Agency fee	4%	4%	4%	4%	4%	4%

76. **SGP country access to financial resources is expanding under SGP 2.0.** In GEF-8, all GEF member countries become eligible to use resources for SGP 2.0, with equal amounts allocated to each of them. In terms of the ongoing portfolio as of the end of fiscal 2023, the SGP continues to remain operational in 112 countries supported by the GEF core and STAR financing under the SGP Global Programme, and 15 countries through SGP Upgraded Country Programmes financed by countries' STAR allocation.

SECTION 3: ASSESSING THE RISK TO ACHIEVING OUTCOMES

77. **Analyzing risk in the ongoing portfolio enhances the comprehension of the balance between risk and results in pursuit of Global Environmental Benefits.** The following presents a comprehensive analysis building upon risk insights made available through recent project implementation updates in the form of an overall project risk rating. This analysis comes in the context of the GEF Risk Appetite Statement.

78. **Risk faced by ongoing projects is slightly lower than a year ago and at its lowest in four years, in part as implementation is no longer constrained by mobility restrictions.** The proportion of projects with low to moderate risk ratings reached 83 percent, compared to 85 percent the previous year (Figure 8). The average risk rating also declined from a high of 1.95 in fiscal 2021 to 1.74 in fiscal 2022 and 1.72 in fiscal 2023 (Table 7). Across regions and country groups, the share of substantial and high risk ratings is highest in SIDS and LDC, standing at 24

[4] Including 5 percent of the total SGP core financing allocated to Grantmakers Plus activities in GEF-6 to support knowledge platforms, policy dialogues, and to enhance social inclusion.
[5] Including grants directly contracted to CSOs and CBOs as well as financing allocated to GEF-7 Grantmakers Plus Initiatives to support (1) dialogue platforms for civil society organizations, government, and the private sector; (2) activities to enhance social inclusion; and (3) knowledge platforms.
[6] Expenditures for monitoring and evaluation, capacity development and project support to CSOs/CBOs, communication and knowledge management, and UNOPS fees.
[7] Expenditures for SGP staff costs, premises, travel, and equipment.

percent. In comparison, Asia and Latin America indicate a share of high and substantial risk ratings for respectively 16 percent and 17 percent of their portfolio. Risk ratings by region, country group, and focal area of financing are presented in Figures 8 and 9.

Table 7. Average overall risk ratings

Portfolio	FY20	FY21	FY22	FY23
Average risk (Low=1, High=4)	1.88	1.95	1.74	1.72

79. **Focal Areas exhibit consistent capacity to navigate risks for achieving desired outcomes, although there are variations in the distribution of risk ratings among them.** Across focal areas, more than 80 percent of projects are characterized by low or moderate risk ratings. Notably, the focal areas of Biodiversity and International Waters stand out with the smallest proportion of projects rated as substantial or high risk: respectively only 19 and 18 percent of the project portfolios of these focal areas fall within these categories.

Figure 8. Distribution of Risk Ratings by Geographic Area and Country Group

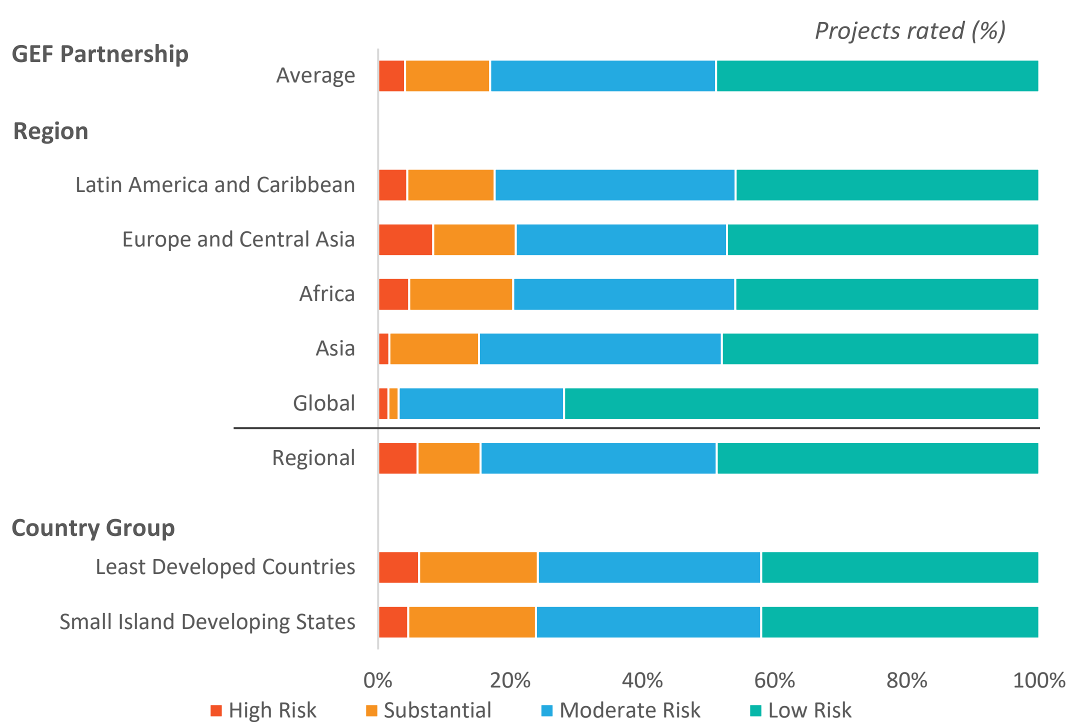
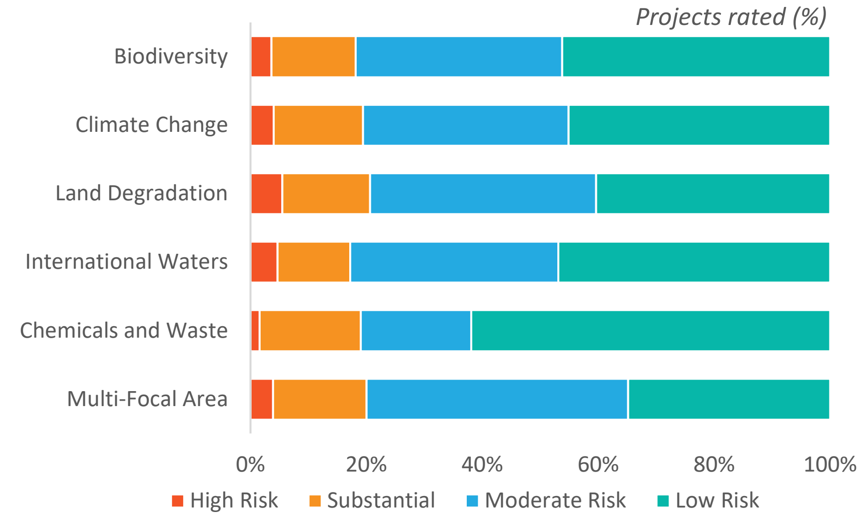


Figure 9. Distribution of Risk Ratings in Ongoing Projects by Focal Area



80. **The risk outlook remains positive, with 77 percent of projects receiving ratings in the satisfactory range for outcomes and assessed as facing low to moderate risk.** This population of projects, displayed in Table 8, is slightly larger than the 76 percent reached for this category a year ago. Concurrently, the proportion of projects encountering substantial to high risk and deemed unsatisfactory in attaining outcomes rose from 5 percent a year ago to 7 percent in fiscal 2023, as displayed in the top right quadrant of the figure. This specific cohort faces heightened risk in achieving their anticipated development outcomes by project completion.

Table 8. Assessing the Risk to Achieving Project Outcomes

The lower right number in each cell indicates the size of the project population.

Development Outcome Rating

Risk Rating	Highly Satisfactory	Satisfactory	Moderately Satisfactory	Moderately Unsatisfactory	Unsatisfactory	Highly Unsatisfactory
High	10% projects 1	4	8	7% projects 4	8	1
Substantial	1	25	32	19	10	4
Moderate	77% projects 8	119	95	6% projects 17	3	0
Low	33	199	88	20	2	1

CONCLUSION

81. **This edition of the Monitoring Report highlights significant results across environmental areas.** This speaks both to the quality of the portfolio at completion, as well as to the fact that Agencies now report at scale along the current GEF-8 RMF architecture. Narrative assessments providing context and background on the logic of intervention accompany reporting on quantitative results. Project examples shed light on the diversity and effectiveness of the GEF portfolio.

82. **Engagement with Agencies will be guided by the need to ensure that effective and efficient projects continue to comprise the largest share of the portfolio and to promote project turnaround.** The utilization of a consistent set of metrics across the Monitoring Report allows the GEF to establish trends and triangulate evidence from various operational dimensions. Disbursement take place with speed and implementation quality is notable. Bilateral engagement with Agencies will take place with a focus at project level, building on the 2022 inaugural exercise. This engagement will highlight areas where emerging challenges may be arising and areas where challenges need to be addressed through adaptive management.

83. **Data sourced from Agencies and submitted to the GEF Portal enables a precise assessment of portfolio advancements, now also available on the GEF Geospatial Platform.** This information is accessible to the partnership via the GEF website and publishing using the IATI standard. This year also marked the launch of the GEF Geospatial Platform providing localized information on project results. It makes available over 10,000 locations of project activities with an ability to overlay datasets and satellite imagery allowing to see before and after pictures of project sites (see at thegef.org/maps).

ANNEX A - FISCAL 2023 PROJECT POPULATION FOR TIER 2 INDICATORS

INDICATOR	GEF	ADB	AfDB	BOAD	CAF	CI	DBSA	EBRD	FAO	FECO	FUNBIO	IADB	IFAD	IUCN	UNDP	UNEP	UNIDO	World Bank	WWF
ENHANCE THE SPEED OF OPERATIONS																			
Time from CEO endorsement / approval to first disbursement below 18 months	130	1			4	4	1		23			2		3	37	40		12	3
- MSPs only	40	1			2	2			8					1	6	18		2	
- FSPs only	90				2	2	1		15			2		2	31	22		10	3
Time from CEO endorsement to mid-term review submission below 4 years	84	1				3		1	10			2	6	5	38	7	1	8	2
MSP age below 4 years	154	1			1	2		2	12	1		2		2	28	65	28	5	5
FSP age below 6 years	483	6	9	1	1	10	3	2	60		1	16	6	11	153	86	50	61	7
Completed projects with a timely Terminal Evaluation	172	5	2			3			9					2	83	33	4	30	1
ENSURE STRONG PORTFOLIO MANAGEMENT																			
Disbursement ratio of ongoing portfolio	610	5	11	1		14	3	3	75	1	1	13	4	12	176	144	64	72	11
Projects rated in the satisfactory range for both Implementation Progress and Outcome	710	5	11	1	2	17	3	3	97	1	1	22	9	13	185	166	91	71	12
Projects rated in the satisfactory range for Implementation Progress	711	5	12	1	2	17	3	3	97	1	1	22	9	13	185	166	91	71	12
Projects rated in the satisfactory range for Development Outcome	708	5	11	1	2	17	3	3	97	1	1	22	9	13	185	164	89	73	12
Proactivity index	129	1	3			1		1	3			4	1	1	78	20	2	12	2
Projects with disbursement in the past year	610	5	11	1		14	3	3	75	1	1	13	4	12	176	144	64	72	11

INDICATOR	GEF	ADB	AfDB	BOAD	CAF	CI	DBSA	EBRD	FAO	FECO	FUNBIO	IADB	IFAD	IUCN	UNDP	UNEP	UNIDO	World Bank	WWF
Over 50% disbursed balance after 3 years of implementation for MSPs	83	1						2	4			2		1	12	38	18	4	1
Over 50% disbursed balance after 5 years of implementation for FSPs	202	6	4		1	3	1	1	26		1	14	4	1	37	36	41	24	2
Projects with financial closure after Terminal Evaluation submission	2431	31	14			16		2	76			35	35	2	1179	305	78	655	3
Projects financially closed on time in the last year	210	5	1			6		3	14				4		102	13	6	55	1
INCREASE CO-FINANCING ACROSS THE PORTFOLIO																			
Co-financing materialized higher than 35 percent at MTR	93	1				3		2	11			2	6	5	39	11	2	9	2
Co-financing materialized higher than 80% at Terminal Evaluation	159	5	2			3			9					2	83	20	4	30	1

	GEF Average	AFRICA	ASIA	EUROPE & CENTRAL ASIA	LATIN AMERICA & CARIBBEAN	GLOBAL	REGIONAL	LDC	SIDS
ENHANCE THE SPEED OF OPERATIONS									
Time from CEO endorsement / approval to first disbursement below 18 months	130	33	26	19	31	2	19	20	15
- MSPs only (%)	40	8	6	10	7	1	8	7	3
- FSPs only (%)	90	25	20	9	24	1	11	13	12
Time from CEO endorsement to mid-term review submission below 4 years	84	25	27	7	18	0	7	17	8
MSP age below 4 years (%)	154	54	30	22	29	5	14	35	30
FSP age below 6 years (%)	483	158	134	41	108	3	39	103	52
Completed projects with a timely Terminal Evaluation (%)	172	64	48	19	28	17	13	40	15
ENSURE STRONG PORTFOLIO MANAGEMENT									
Disbursement ratio of ongoing portfolio (%)	610	206	153	60	129	69	57	121	75
Projects rated in the satisfactory range for both Implementation Progress and Outcome (%)	710	235	177	72	159	7	60	144	87
Projects rated in the satisfactory range for Implementation Progress (%)	711	236	177	72	159	7	60	145	87
Projects rated in the satisfactory range for Development Outcome (%)	708	233	176	72	158	7	62	143	87
Proactivity index (%)	129	44	40	12	30	15	3	27	31
Projects with disbursement in the past year (%)	610	206	153	60	129	69	57	121	75
Over 50% disbursed balance after 3 years of implementation for MSPs (%)	83	32	15	12	17	1	6	21	15
Over 50% disbursed balance after 5 years of implementation for FSPs (%)	202	55	66	21	41	3	16	39	15
Projects with financial closure after Terminal Evaluation submission (%)	2431	683	619	364	510	9	246	430	208
Projects financially closed on time in the last year (%)	210	65	54	29	43	1	18	43	19
INCREASE CO-FINANCING ACROSS THE PORTFOLIO									
Co-financing materialized higher than 35 percent at MTR (%)	93	27	29	10	20	9	7	19	10
Co-financing materialized higher than 80% at Terminal Evaluation (%)	159	59	45	17	25	14	13	36	14