



## SUMMARY OF PREVIOUS EVALUATION CASE STUDIES IN THE LATIN AMERICA AND CARIBBEAN REGION

March 2024

### INTRODUCTION

Through its decision B.37/09, the GCF Board approved the Independent Evaluation Unit's (IEU) Work Programme and Budget 2024. One of the IEU's activities for 2024 is an Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund's Investments in the Latin American and Caribbean States (LAC). The IEU will submit the final report in time for the fortieth meeting of the Board, currently scheduled for October 2024.

The evaluation uses various methods for collecting and analysing data, including synthesizing existing evidence from published LAC case studies undertaken in past IEU evaluations. The synthesis seeks to understand and capture these evaluations' insights and knowledge from the region and create a baseline for the rest of the evaluation. The contents of this Lab Report are not meant to be definitive findings of the evaluation and constitute outcomes of the synthesis of existing evidence in the LAC region. The findings in the final evaluation report may differ significantly.

### METHODOLOGY

As of 15 February 2024, 16 LAC country case studies had been published through 9 different evaluations conducted by the IEU<sup>1</sup>:

- Independent Evaluation of the GCF's Readiness and Preparatory Support Programme (2018) – Haiti and Paraguay
- Forward-Looking Performance Review of the Green Climate Fund (2019) – Grenada, Guatemala and Ecuador
- Independent Evaluation of the Green Climate Fund's Country Ownership Approach (2019) – Colombia
- Independent Evaluation of the GCF's Environmental and Social Safeguards and the

Environmental and Social Management System (2020) – Paraguay and Peru

- Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund's Investments in the SIDS (2020) - Barbados, Belize, Saint Lucia
- Independent Evaluation of the Adaptation Portfolio and Approach of the Green Climate Fund (2021) – Guatemala
- Independent Evaluation of the GCF's Approach to the Private Sector (2021) – Chile
- Independent Evaluation of the Relevance and Effectiveness of the GCF's Investments in the LDCs (2022) – Haiti
- Second Performance Review of the Green Climate Fund (2023) – Grenada and Peru

The IEU identified nine themes for further elaboration and analysis.

### COUNTRY OWNERSHIP

#### Consultations and the role of national designated authorities (NDAs)

Country ownership depends on a culture of consistent consultation at the national level, with the role of NDAs being critical (Independent Evaluation Unit 2020b). It is important that this culture of consultative process also includes civil society organizations (CSOs), academia, and the private sector (Independent Evaluation Unit 2020b). Given the missing culture of consultations in some countries, GCF and its instruments have a significant role in promoting inclusive consultations at the national level. For instance, in countries such as Belize, past grants from the GCF's Readiness and Preparatory Support Programme (RPSP) focused on improving CSO and private sector engagement. RPSP grants have also created opportunities for more effective stakeholder engagement, including building awareness of the GCF among local private sector actors in countries such as Belize

<sup>1</sup> Not all evaluations undertake and/or publish country case studies. As of 15<sup>th</sup> February, IEU had released three evaluations for which case study publication was still pending.

(Independent Evaluation Unit 2020b). In addition, past IEU evaluations have also noted that cross-governmental coordination remains strong among the SIDS in the region (Independent Evaluation Unit 2020b). However, beyond the small island developing states (SIDS), the mechanisms for ensuring national coordination and consultation are still evolving. For example, Peru's NDA is yet to implement mechanisms to enable non-state actors to participate in the GCF country programme and portfolio, although it is planning to implement GCF's citizen participation policies soon, adapting them to Peru's context (Independent Evaluation Unit 2023).

As indicated in the IEU's evaluation of the GCF's Approach to Country Ownership, stakeholders note that the GCF model of working with NDAs significantly influences how local stakeholders are engaged and how RPSP grants are identified and pursued (Independent Evaluation Unit 2020b). Nevertheless, the role of NDAs is sometimes reduced to a "box ticking exercise" to promote country ownership. Sometimes, NDAs find it difficult to refuse project proposals that do not align with national priorities due to the size of the funding proposal put forward by private sector International Accredited Entities (IAEs), the advanced stage of the funding proposal's discussion, and the GCF Secretariat's strong support for the proposal (Independent Evaluation Unit 2021b).

### **Thematic areas and entity engagement**

Accredited Entities (AEs) play an important role in ensuring country ownership. It was noted in numerous case studies that countries preferred to work through Direct Access Entities (DAEs). DAEs are seen as more sensitive to national needs. Larger IAEs are often perceived as prioritizing their own agenda and not the national government's priorities. Another area of misaligned priorities is the GCF's overarching focus on the private sector, leading to more emphasis on mitigation, in contrast with countries' focus on adaptation (Independent Evaluation Unit 2021a; 2022; 2021b).

## **GCF TOOLS AND INSTRUMENTS**

### **RPSP and the Project Preparation Facility (PPF) in the LAC**

The GCF has a range of tools and modalities for different kinds of stakeholders. These, inter alia, include PPF and RPSP for capacity building and programming, the simplified approval process for accelerated approval of funding proposals (FPs), and country programmes for supporting country level planning for engagement with GCF and other climate finance sources. It also uses instruments

such as loans, grants, equity and guarantees to meet the different financing needs of AEs and countries.

The RPSP and PPF grants to the SIDS in LAC have contributed significantly to developing proposals for the GCF's project pipeline. In Barbados, this has been done through support for preparing concept notes and proposals under the government's nationwide Roof to Reef Programme (R2RP), which also serves as the framework for its GCF country programme (Independent Evaluation Unit 2020). Capacity building in the SIDS through readiness support has included assigning a full-time technical focal point and hiring a consultant for two years to assist the NDA and focal point (Independent Evaluation Unit 2020). However, case studies in the SIDS have raised concerns that the RPSP may no longer allow its resources to be used to provide the critical support that NDA staff need. Case studies have also raised concerns about PPF access, especially regarding the duplication of questions in the PPF application and the concept note, as well as the lack of clarity on sequencing between the two processes (Independent Evaluation Unit 2020b).

### **Constraints in access and implementation of GCF tools and instruments**

Past IEU case studies identified three distinct challenges in providing support to countries in LAC region (Independent Evaluation Unit 2022; 2023):

- Support often lacks the necessary flexibility to adapt to the country's changing needs.
- Support is based on deliverables prepared by AEs and executing entities, but once these deliverables are submitted, there is no GCF follow-up to ensure they are implemented.
- RPSP support has been accessible but has received fewer applications due to the GCF's lengthy RPSP approval process.

The GCF Secretariat has frequently provided guidance to countries in the LAC region on the selection of instruments to pursue, including recommendations on the utilization of non-grant instruments. (Independent Evaluation Unit 2019).

Modalities such as SAP, which are seen effective for small-scale projects and beneficial for the SIDS, have not been adapted to the specific circumstances of the SIDS in the LAC region, making them unsuitable for addressing their climate finance needs. (Independent Evaluation Unit 2023; 2020b).

### **Expectation of further support from the GCF**

A variety of stakeholders in several case studies have emphasized the need to build more awareness among private sector entities, CSOs, and the general public regarding climate change risks and low-

carbon, climate-smart development (Independent Evaluation Unit 2023). Gaps have also been identified regarding knowledge management tools, technical capacities for designing bankable projects, and knowledge transfer from the GCF to help sustain achievements over time, such as regular onboarding training for new NDAs (Independent Evaluation Unit 2022).

## **CLIMATE RATIONALE AND NATIONAL CONTEXT**

### **Climate rationale and lack of climate data**

To receive GCF approval, proposed projects must demonstrate climate rationale, which broadly means that they address climate vulnerabilities and/ or reduce emissions. Ensuring compliance with this requirement is particularly challenging for adaptation projects as most country stakeholders struggle to distinguish between sustainable development and climate adaptation. This distinction is irrelevant, especially in the SIDS, because adaptation is integrally connected to development (Independent Evaluation Unit 2020b; 2021a). Many SIDS are concerned that GCF wants proof of vulnerability to climate change, despite the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) already confirming that the SIDS are vulnerable (Independent Evaluation Unit 2020b). The SIDS must prove their vulnerability for each project developed, which takes time, resources, and good scientific data. In most of these countries, the challenge emanates from a lack of meteorological data required to build a climate rationale (Independent Evaluation Unit 2022; 2020b).

### **Appreciation of national contextual realities**

Previous IEU case studies have also found that the GCF does not fully appreciate the realities of the national context. For example, stakeholders see the GCF's one-size-fits-all approach to accreditation as challenging for small, resource-constrained institutions in the SIDS. The gap assessment for accreditation is found to be binary – either a condition was met or not, rather than offering some leeway for solutions such as using the policies or guidelines of major partners in the region (Independent Evaluation Unit 2020b).

As noted, the SIDS find it difficult to separate sustainable development and climate rationale. During the approval of FPs, the immediate challenges for DAEs are a lack of capacity for writing project proposals that can be approved for GCF financing and access to the technical talent necessary to do so (Independent Evaluation Unit 2020b). Country stakeholders have also defined

approval procedures as “too rigid”, “complex”, “opaque” and generally “not adapted to an LDC or SIDS context” (Independent Evaluation Unit 2022; 2020b).

Rigidity also applies to implementation, as current procedures do not allow flexibility in adapting to changing needs. This applies to RPSP and FPs and is perceived as particularly challenging in an LDC like Haiti, where context evolves rapidly. Similarly, requirements such as the GCF’s Environmental and Social Management Safeguards must also be tailored to the country's context and realities (Independent Evaluation Unit 2020a).

## **MULTI-COUNTRY APPROACH TO PROGRAMMING**

Multi-country and regional projects are common in the LAC region. The GCF has 24 multi-country projects operating partly or entirely in the LAC region. However, multi-country programming has been consistently highlighted as an area of concern in past IEU case studies in the region. The concerns are especially significant in the region’s SIDS.

### **Country ownership in multi-country projects**

Case studies have found regional and multi-country projects operating at the country level inconsistent with the principles of country ownership. Country stakeholders have noted they have often felt pressured by the GCF Secretariat to consider regional and multi-country projects. In such cases, the projects were designed and approved with little consultation and oversight from the beneficiary countries (Independent Evaluation Unit 2020b; 2021a; 2023; 2022). Also, on the one hand, while countries face the challenge of dealing with regional and multi-country projects that are unable to adapt to their needs, on the other hand, they lack the institutions that can fulfil the regional projects’ requirements to leverage local resources and capacity for greater impact.

The capacity needed to properly integrate and mainstream the strategies and goals of regional and multi-country projects is not available in the SIDS in LAC (Independent Evaluation Unit 2020b; 2022). Such constraints hinder the uptake of these projects at the country level and limit the level of country ownership.

### **Relevance to country context and country needs**

Countries often find that multi-country and regional GCF projects do not recognize that countries have substantial differences in institutional capacities, governance and priorities and consequently apply a one-size-fits-all approach (Independent Evaluation

Unit 2020b). Furthermore, multi-country projects put forward by regional entities often focus on “soft” outcomes, such as institutional strengthening, policy legislation, data management, strategies and risk assessment. However, governments in some countries, such as Saint Lucia, would prefer the GCF to finance large capital projects. The Government of Saint Lucia also wants to set the research agenda for adaptation, mitigation, and loss and damage, which it argues is not in line with multi-country/regional project parameters (Independent Evaluation Unit 2020b).

### **Implementation of regional and multi-country projects**

Regional and multi-country projects typically spread limited amounts of financing across a larger number of countries. This is perceived as resulting in an abundance of studies and little on-the-ground impact thus hindering access to meaningful climate finance. For example, a proposal for a project that could potentially be implemented in Haiti states that it will be able to support 20 countries, while it had received 42 no-objection letters when the GCF approved it, meaning that not all countries will be able to access funding (Independent Evaluation Unit 2022).

IEU evidence also suggests that regional and multi-country projects pose other unique challenges at the implementation stage. The NDA in a country with a regional or multi-country project may want to make changes at the implementation stage but it entirely depends on the AE. For example, in Grenada, under FP061, the NDA requested a no-cost extension and contacted the GCF’s Caribbean desk. However, it needed to contact the project’s AE, the Department of the Environment in Antigua and Barbuda, causing delays in making changes to the project. NDAs often face challenges overseeing regional and multi-country projects in their country. (Independent Evaluation Unit 2023; 2021a).

Lastly, regional and multi-country projects take a long time to develop. By the time the project is ready for implementation, countries have often experienced changes in resources and even programmes, making it difficult to reorganize and implement the project. Furthermore, countries are at different stages of development and have different capacities, which affects the timely implementation of multi-country projects (Independent Evaluation Unit 2020b).

## **ACCESS TO GCF**

### **Efficiency of access to GCF**

The primary mode for accessing GCF’s investment financing is accreditation. Countries often prefer

accessing GCF through DAEs. However, potential DAEs find it difficult to get accredited to GCF given the long timeframes and complex process, as the entities are deemed to lack the necessary experience and capacity (Independent Evaluation Unit 2021a; 2022; 2021b). One of the challenges that GCF also faces in accreditation is the incoherence between a country’s priorities and the entities nominated for accreditation. In other words, countries often do not have a strategy to align country programming objectives with their DAE nomination and/or accreditation plans (Independent Evaluation Unit 2023). The accreditation process lacks a clarity on the timeline and processes (Independent Evaluation Unit 2021a). Overall, this leads to a lack of sufficient coverage of DAEs in LAC region with insufficient diversity and an inadequate number of DAEs to service a country’s climate finance needs (Independent Evaluation Unit 2020b; 2023). This is equally true of the private sector’s access to the GCF.

GCF’s project approval process is found to be very long drawn and complex (Independent Evaluation Unit 2020b). The approval process has led to a long wait for GCF funding and the cancellation of plans for accreditation and approval in countries (Independent Evaluation Unit 2020b; 2021b; 2021a). As mentioned earlier, GCF has tools such as the PPF and RPSP to support access to GCF investment financing. However, the PPF has been unable to overcome structural and process-related barriers to approving projects (Independent Evaluation Unit 2020b; 2023). Even where the countries in the region can access the GCF, the Fund’s overarching focus on the private sector has led to a larger emphasis on mitigation, while the countries primarily focus on adaptation (Independent Evaluation Unit 2021a; 2022; 2021b).

## **COHERENCE AND COMPLEMENTARITY**

### **Coherence and complementarity at the national level driven through programmatic approaches**

Coherence and complementarity in the LAC region have numerous drivers. In countries such as Barbados, coherence and complementarity of climate finance are expected to be achieved through the Roof to Reef Programme (R2RP). R2RP is also mentioned under GCF Tools and Instruments sub-theme, which represents the GCF country programme for Barbados. The thematic areas under the R2RP are aligned with the country’s NDC priorities, and the primary mode for accessing climate finance is through a pipeline of projects funded by multiple climate finance sources. The R2RP will, therefore, provide the framework for



ensuring coherence between the different financing sources and will minimize duplicative efforts (Independent Evaluation Unit 2020b). In countries such as Grenada, coherence and complementarity are driven through the GCF's country programme, which is structured to also tap into allocations from the Global Environment Facility. In some countries, the NDC is also considered the guiding document, with country programmes viewed as the main planning instrument to ensure coherence and complementarity at the national level, with the NDA assuming oversight (Independent Evaluation Unit 2023).

### **Complementarity and coherence among projects**

Countries have expanded upon the projects initiated by the GEF by implementing further projects with funding from the GCF (Independent Evaluation Unit 2023). Similarly, there are examples of countries such as Ecuador where numerous projects financed by climate funds, such as the GEF, the Adaptation Fund and EUROCLIMA<sup>2</sup>, have helped coherence and complementarity. The GEF has had several projects operating in the same areas as GCF projects, supporting the Ministerio del Ambiente Agua y Transición Ecológica and the Amazonia region. Given such overlap, the NDA combined GEF and GCF projects in the Amazon (Independent Evaluation Unit 2019). However, coherence and complementarity between projects can occasionally cause competition between climate funds. There is intense competition among climate funds for projects because there is little national capability to develop project proposals and create a sizeable portfolio. There are no mechanisms, potentially supported by the GCF or AEs, to better structure the financing, for example, through setting up a coalition of funders or an investors' roundtable for climate projects (Independent Evaluation Unit 2023).

## **INSTITUTIONAL CAPACITY SUPPORT**

### **Current state of institutional and human capacity in the region**

In the LAC region, human capacity presents an ongoing challenge for GCF investments. For the SIDS in the region, the capacity challenges are less about the nature of capacity building support and more about the limited number of staff available (Independent Evaluation Unit 2020b). When there are insufficient numbers of technically competent staff, the individuals being trained are often over-committed. Still, they are expected to take on

specialized GCF work in addition to their existing portfolios (Independent Evaluation Unit 2020b). NDAs in some countries have shown the ability to coordinate across numerous stakeholders and non-government partners, including utilities, local banks, community-supported organizations and other entities. Even during the prolonged COVID-19 lockdown in Grenada, the NDA continued to support the adaptive management of the GCF portfolio (Independent Evaluation Unit 2023).

### **GCF support for institutional capacity development**

RPSP as an instrument for capacity building is well recognized. However, elements of capacity building included in RPSP grants are not always optimally effective as they often do not target staff with decision-making power. A lack of continuity in governments further challenges the effectiveness of programmes aimed at strengthening institutions and building capacity (Independent Evaluation Unit 2021a). Additionally, engaging NDAs in programming as a filter for concept notes and FPs rather than as a strategic partner implementing or monitoring GCF-funded activities further aggravates existing institutional capacity challenges (Independent Evaluation Unit 2023). In private sector development, institutional strengthening entails building institutional capacities or revising and updating regulatory frameworks that, in turn, lay the foundations for private investments. Here, the GCF's grant instruments are considered critical for leveraging local private sector investments in the medium and long term. While this could be an area where the GCF adds value to the private sector, accessing the right financial instruments remains challenging (Independent Evaluation Unit 2021b).

Despite a vibrant CSO community, awareness about climate change issues remains low, as does the technical capacity to design bankable projects in certain countries. The private sector also lacks this technical capacity. Apart from this, political instability, frequent leadership changes, weak institutions, and recurrent emergencies are key factors preventing the long-term sustainability of institutionalization efforts (Independent Evaluation Unit 2022).

## **PRIVATE SECTOR**

Private Sector engagement remains a key priority area for the GCF. Past IEU case studies undertaken by the GCF in the countries reveal three different kinds of issues faced by the private sector in countries in the LAC region. The first pertains to

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<sup>2</sup> [https://international-partnerships.ec.europa.eu/index\\_en](https://international-partnerships.ec.europa.eu/index_en)

awareness of GCF's Private Sector Facility (PSF) among the region's private sector players. The private sector's low awareness of the PSF prevents it from exploring more opportunities with GCF. In the SIDS, a further complexity is that the private sector predominantly comprises small and medium enterprises (SMEs). SMEs lack the capacity to engage directly with the GCF. The second challenge regards the ability of these institutions to interact with the GCF and absorb debt, given their small size, level of indebtedness and the high transaction costs of engaging with the GCF. The over-indebtedness of the private sector in the SIDS also precludes the GCF from effectively engaging at scale with SMEs through existing financial intermediaries in the countries (Independent Evaluation Unit 2020b).

Third, as mentioned earlier, in GCF's engagement with the private sector in certain contexts in Latin America and Caribbean, institutional strengthening entails building institutional capacities or updating regulatory frameworks that, in turn, lay the foundations for private investments. Achieving this requires building complementary capacity of private sector and policy makers and doing so promptly. This is where grant instruments deployed by the GCF are critical for leveraging local private sector investments in the medium and long term. However, the lack of alignment between the GCF's business model and those of regional and local financial institutions ultimately deters effective and efficient engagement with the GCF. The limited funding available through the GCF's grant instruments for projects led by financial intermediaries and local financial institutions illustrates how the GCF's business model does not accommodate these private sector actors (Independent Evaluation Unit 2021b). In some cases, private sector actors have been discouraged from engaging with GCF due to the lengthy process and high transaction costs (Independent Evaluation Unit 2023). As mentioned earlier, timeliness remains key for engaging at the policy level.

## GENDER AND INDIGENOUS PEOPLES

### Engagement of Indigenous Peoples in GCF Programming

Past case studies have found varied perceptions from different stakeholders on the engagement of Indigenous Peoples (IPs) and their organizations in project design and implementation. IEU case studies have often found that indigenous groups are underrepresented in consultations at the national level (Independent Evaluation Unit 2020b; 2020a). In addition, preferences have often diverged regarding engaging with Indigenous Peoples and

their organizations. At the national level, NDAs, AEs, and executing entities intend to engage IPs through national structures, mechanisms, and formal channels. However, non-state actors have preferred engaging through other national and regional means and non-governmental organizations. This brings into question adequacy of the systems of GCF and its AEs in engaging with and capturing diverse social and governance dynamics at the project, activity and implementation levels (Independent Evaluation Unit 2020a). Several groups representing Indigenous Peoples also indicate a preference for more direct participation with the GCF through projects (Independent Evaluation Unit 2019).

### Country specificity of gender issues

Past case studies have also highlighted the need to consider context when addressing gender issues. For example, in Caribbean countries, women have overtaken men in attendance at secondary and tertiary educational institutions, educational qualifications, workforce and managerial positions and other metrics. They also have a high rate of female entrepreneurship, albeit primarily in micro- and small-sized enterprises. Thus, concerns now centre around developing policies and programmes that include boys and men in gender equality considerations (Independent Evaluation Unit 2020b).

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