Independent evaluation of the relevance and effectiveness of the Green Climate Fund's investments in the Least Developed Countries

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GREEN CLIMATE FUND
INDEPENDENT EVALUATION UNIT

Independent evaluation of the relevance and effectiveness of the Green Climate Fund's investments in the Least Developed Countries

FINAL REPORT

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FOREWORD

Since the Kyoto Protocol came into force in 2005 with 55 signatories representing 55% of 1990 Annex I emissions, the world has experienced an era of unprecedented wealth creation. Yet, over a billion citizens living in 46 countries still suffer effects from the most severe structural impediments to sustainable development.

At the same time, the Intergovernmental Panel on Climate Change reports that greenhouse gas emissions are causing widespread and rapid changes to our climate. While citizens living in least developed countries (LDCs) have contributed least to this global crisis, they have to deal with some of the most severe and immediate impacts: periods with more extreme temperatures, episodes of heavier torrential precipitation and other extreme weather events, and more frequent and extreme agricultural and ecological droughts.

Even reaching global net zero CO_2 emissions by 2050, alongside a large reduction of broader GHGs, will not prevent these impacts. Without urgent and immediate action, LDCs face a future of greater undernutrition, hunger, morbidity and mortality, in a world that has the resources, knowledge and ability to prevent it.

To support the LDCs and other developing countries in addressing climate change, the Green Climate Fund (GCF) provides financing to Parties under the United Nations Framework Convention on Climate Change and Paris Agreement, designed to facilitate low emission development pathways and climate resilient development.

This Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund's Investments in the LDCs completed by the Independent Evaluation Unit is the second in a set of portfolio evaluations to examine the relevance and effectiveness of the GCF in the most vulnerable countries.

The evaluation has examined whether the GCF is relevant to the LDCs' climate emergency, whether the GCF fosters country ownership and collaborates with other climate funds, whether the GCF's business model works for LDCs, and whether the GCF is delivering results and impacts for over a billion citizens in the world's poorest countries.

It does not claim to have all the answers to the huge challenges LDCs face but suggests that the GCF needs to scale up coordination and collaboration with other climate funds in LDCs, especially in enhancing support to implement national adaptation plans and national priorities for enhanced resilience. It shows why the Secretariat needs to strengthen upstream capacity support for NDAs in LDCs. It shows the need for upstream pre- and post-accreditation support for direct access entities in LDCs, especially around climate data, accreditation requirements and legal obligations. It highlights the need for an inclusive knowledge management framework to ensure learning and adaptive management, especially in terms of gender and indigenous peoples. And it shows that transparent and trustworthy results management tools must be operationalized to reduce reputational risk.

As we enter the third year of the COVID-19 pandemic, LDCs face the prospect of insurmountable structural impediments to sustainable development. The pandemic is delaying graduation from LDCs status for some. Graduation remains a distant dream for others. Climate impacts threaten to lock LDCs into a deprivation trap they may never overcome. For the billion citizens in LDCs, there must be a better future. Through better collaboration with partners, and better support for national stakeholders and champions, the GCF can support LDCs in overcoming the structural impediments they face, and steer LDCs towards climate resilient and low emission development pathways.

Paul V. Desanker, Ph.D., Adaptation Division, United Nations Climate Change Secretariat

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The evaluation has been jointly written and is co-owned by a team of experts, namely Dr. Aaron Zazueta, Ms. Judith Friedman, Ms. Giovanna Montagner, Ms. Kulthoum Motsumi and Ms. Sara Nielsen as a core team, as well as the wider group of Mr. Pieter Dirckx, Ms. Margarita Gonzales, Ms. Colleen McGinn and Ms. Leny Van Oyen. Claudio Volonte acted as Quality Advisor. Country case studies were conducted and researched jointly with a team of national experts which included: Mr. Ibrahim Kasso (Ethiopia), Dr. Sam Chanthy (Cambodia), Mr. Welton Phalira (Malawi), Mr. Paul Banka Dossou (Togo).

All responsibility, including for any errors, lies solely with the IEU, which carried out this assessment. Views expressed here are not a reflection of the official views of the GCF Board, nor its members and the countries they represent.

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ABBREVIATIONS

AE	Accredited Entity
AF	Adaptation Fund
APR	Annual Performance Report
CB/SF/PD	capacity building/strategic frameworks/policy development
CIF	Climate Investment Funds
CO_2	Carbon dioxide
COP	Conference of the Parties
COVID-19	Coronavirus Disease 2019
CP	Country Programme
CSO	Civil Society Organization
DAE	Direct Access Entity
DMA	Division of Mitigation and Adaptation
EDA	Enhancing Direct Access
ESS	Environmental and Social Safeguards
EVI	Economic and environmental vulnerability index
EWP	Entity Work Programme
FAA	Funded Activity Agreement
FP	Funding Proposal
GAP	Gender action plans
GCF	Green Climate Fund
GDP	Gross Domestic Product
GE	Grant Equivalent
GEF	Global Environment Facility
GGGI	Global Green Growth Institute
GHG	Greenhouse gas
GI	Governing Instrument
GNI	Gross National Income
HAI	Human assets index
IAE	International Accredited Entity
IEU	Independent Evaluation Unit
IIED	International Institute for Environment and Development
IPMS	Information Programme Management System
IRMF	Integrated Result Management Framework
iTAP	Independent Technical Advisory Panel
KM	Knowledge management
L&D	Loss and damage
LDC	Least Developed Country

LDCF	Least Developed Countries Fund
LORTA	Learning-Oriented Real-Time Assessment
M&E	Monitoring and Evaluation
MAF	Monitoring and Accountability Framework
MSMEs	Micro, Small, and Medium Enterprises
NAP	National Adaptation Plan
NAPA	National Adaptation Plans of Action
NDA	National Designated Authorities
NDAE	National Direct Access Entity
NDC	Nationally Determined Contribution
NoL	No-Objection Letter
OECD	Organisation for Economic Cooperation and Development
ORMC	Office of Risk Management and Compliance
PAP	Project Approval Process
PICSA	Participatory Integrated Climate Services for Agriculture
PPF	Project Preparation Facility
PSAA	Project-specific assessment approach
PSF	Private Sector Facility
RBM	Results Based Management
RfP	Request for Proposal
RPSP	Readiness and Preparatory Support Programme
SAP	Simplified Approval Process
SIDS	Small Island Developing States
SLEM	Sustainable Landscapes for Eastern Madagascar
SREP	Scaling Up Renewable Energy Program
tCO2	Tons of carbon dioxide
UNCTAD	United Nations Conference on Trade and Development
UNDESA	United Nations Department of Economic and Social Affairs
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
USP	Updated Strategic Plan
WB	World Bank
WIM ExCom	Executive Committee of the Warsaw International Mechanism

DEFINITIONS

The United Nations Committee for Development Policy is mandated by the General Assembly and the Economic and Social Council of the United Nations to review the criteria for LDC status. LDCs are low-income countries confronting severe structural impediments to sustainable development.[1] The list of LDCs is reviewed every three years. This evaluation follows the categorization by the United Nations, meaning that currently 46 countries are regarded as LDCs.[2]

Small island developing states[3] (SIDS) are countries where the majority of the natural resources they have access to come from the ocean and are characterized by small population size, remoteness from international markets, high transportation costs, vulnerability to exogenous economic shocks and fragile land and marine ecosystems. The Rio Summit in 1992 recognized the particular conditions in both groups of countries. This evaluation follows this categorization.

Non-LDC SIDS and African states[4] are those countries which are not in the LDCs list but are either recognized as SIDS or lie on the African continent.

Other GCF-eligible countries[5] are those countries eligible to receive GCF support but do not belong to one of the other categories which are LDCs, SIDS or non-LDC African States.

Pursuant to paragraph 47 of the Governing Instrument (GI) for the GCF, DAEs are accredited under the direct access modality, including subnational, national or regional entities. DAEs obtain a nomination from national designated authorities (NDAs) or focal points and may include ministries or government agencies, development banks, climate funds, commercial banks or other financial institutions, private foundations and civil society organizations (CSOs). Pursuant to paragraph 48 of the GI, International Accredited Entities (IAEs) are entities that are accredited under the international access modality track and operate across multiple regions and countries. IAEs include bilateral development agencies, multilateral development banks, United Nations organizations, intergovernmental organizations, private sector financial institutions and CSOs.

Readiness and Preparatory Support Programme delivery partners are institutions that may be nominated by the NDAs or Focal Point to implement activities approved under the Readiness

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[1] Following the categorization of 25 countries into a LDC grouping in 1971, 28 further countries have joined this category and seven countries have graduated from LDC status (with at least four further countries scheduled to graduate before 2024) (UN-OHRLLS, 2019).

[2] The criteria for determining whether a country qualifies for LDC status has evolved since 1971 when three simple indicators were used: GDP per capita, adult literacy rate and share of manufacturing in GDP (this last indicator reflecting the emphasis on industrialization, often through import substitution, at this time). Since then, the criteria for LDC membership have been adjusted in 1991, 1999, 2002, 2005, 2011, 2017 and 2020. The criteria are deliberated on by the United Nations (UN) Committee for Development Policy which is mandated by the General Assembly and the Economic and Social Council of the UN to review the criteria every three years (UN-OHRLLS 2019). UNDESA's (2018) Handbook on the LDC Country Category highlights how inclusion into the LDC category is not mandatory and requires the agreement of the national government. In contrast, the Handbook highlights how graduation from the category is not dependent on a government's consent. Currently, the UN uses three criteria to classify LDCs: a) Gross national income (GNI) per capita; b) a human assets index (HAI); c) an economic vulnerability index (EVI). Both the "human assets" and "economic and environmental vulnerability" indices apply an equal weighting to each component within an overall index that runs from 0-100.

[3] SIDS are a distinct group of 38 UN Member States and 20 Non-UN Members/Associate Members of United Nations regional commissions that face unique social, economic and environmental vulnerabilities (*https://www.un.org/ohrlls/content/about-small-island-developing-states*).

[4] This country group has been developed by the IEU DataLab for the purpose of data analyses.

[5] This country group has been developed by the IEU DataLab for the purpose of data analyses.

Programme. Delivery partners can be the NDAs themselves, an IAE, a DAE, or another organization capable of implementing technical assistance and capacity development grants.[6]

[6] Delivery partners who have not been accredited must complete the Financial Management Capacity Assessment and submit supporting documentation to GCF for review. Delivery partners receive a fee as per decision B.19/09, and further outlined in annex II to document GCF/B.19/29, titled "Policy on fees for accredited entities and delivery partner". (GCF, 2020a, 2020d)

EXECUTIVE SUMMARY

A. Introduction

This evaluation is part of a concerted effort by the Green Climate Fund (GCF)'s Independent Evaluation Unit (IEU) to examine the relevance and effectiveness of the GCF's investments in the most vulnerable countries. As an operating entity of the Financial Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC), the GCF provides support to developing countries to reduce their greenhouse gas (GHG) emissions and to adapt to the impacts of climate change. In fulfilling this mandate, the GCF's Governing Instrument states that the urgent and immediate needs of countries that are most vulnerable to the adverse effects of climate change must be taken into consideration. These particularly vulnerable countries include LDCs, SIDS and African States.

At its twenty seventh meeting in October 2020, the GCF Board, in decision B.27/08, approved the IEU's annual workplan for 2021, which includes an independent evaluation of the relevance and effectiveness of the GCF's investments in LDCs. The United Nations defines LDCs as "low-income countries suffering from the most severe structural impediments to sustainable development." Currently, the United Nations uses three criteria to classify LDCs: Gross National Income (GNI) per capita; a Human Assets Index (HAI); and an Economic and Environmental Vulnerability Index (EVI). Currently, there are 46 LDCs eligible for the GCF's support.

This evaluation assesses whether the GCF's approach and investments have been relevant and effective in reducing the vulnerability of local communities in LDCs and of their livelihoods to the effects of climate change, and whether these impacts are likely to be sustained. It examines how and to what extent the GCF's approach, mechanisms and financial modalities respond to the conditions facing LDCs. Moreover, the evaluation assesses the key enabling conditions for the GCF to support a paradigm shift towards low emission and climate resilient development pathways in LDCs.

The evaluation team has structured the main findings and recommendations according to the core chapters of the report: responsiveness and relevance of the GCF to LDCs, coherence and complementarity of the GCF with other climate funds, country ownership and capacity development in LDCs, performance of the GCF's business model and processes in LDCs, and results and impacts.

B. Key findings

Key findings 1: Responsiveness and Relevance of the GCF to LDCs

Finding 1(a): Conference of the Parties' (COP) decisions related to LDCs are not consistently followed up with specific GCF Board guidance to the Secretariat.

Finding 1(b): There is no established mechanism for the GCF's national adaptation plan (NAP) support through the readiness and preparatory support programme (RPSP) and adaptation project origination to ensure the adaptation allocation target will continue to be met. There is little evidence that existing national adaptation strategies and plans are systematically integrated with GCF's programming and operations in the LDCs.

Finding 1(c): Access to GCF support remains cumbersome for the LDCs. In LDCs, which face significant structural barriers, this lack of access particularly disadvantages Direct Access Entities (DAEs).

Finding 1(d): The GCF has attempted to simplify the process and shorten the time to access GCF finance and has not yet achieved these objectives to date.

Finding 1(e): The GCF's approach has had a limited contribution to the engagement of private sector entities within the context of LDCs, particularly the small and medium-sized enterprises and the local private sector. The GCF has not addressed this lack through accreditation efforts, including project-specific accreditation approaches.

Finding 1(f): The GCF has identified some possible actions relevant to averting, minimizing and addressing loss and damage. Lack of clear definitions and approaches to financing remain key obstacles for GCF programming and operations.

Key findings 2: Coherence and complementarity of the GCF with other climate funds

Finding 2(a): While the UNFCCC's guidance encourages coherence and steps to build synergies have been laid out, there is no systematic approach to coherence and complementarity. For the LDCs, there is a need to consider coherence and complementarity in national programming and especially the GCF's RPSP and project preparation facility (PPF) with other funds.

Finding 2(b): Compared to other climate funds, the GCF places additional emphasis on country ownership and capacity building in the LDCs. This affects complementarity and coherence with other climate funds.

Key findings 3: Country ownership and capacity development in LDCs

Finding 3(a): Multiple structural barriers and procedural bottlenecks limit the role of national designated authorities (NDAs), and access of countries to resources to enhance their capacity in the LDCs. Current attributes of country ownership, i.e. the no-objection procedure and DAEs, are insufficient to guarantee ownership in the LDCs, particularly for multi-country projects.

Finding 3(b): On average, USD 0.95 million is approved for RPSP in the LDCs, which is less than other country groups. Disbursement of RPSP funding is slow, especially for adaptation planning.

Finding 3(c): Country programmes are not fully incorporated into the GCF business model, and there is limited use of country programmes for GCF programming.

Finding 3(d): The COP has requested the GCF to enhance consideration of local indigenous and traditional knowledge. The GCF has not done so yet. The GCF lacks tools to track the extent to which and how indigenous people's concerns and local knowledge are incorporated in projects, including how such knowledge can provide valuable information on climate trends.

Finding 3(e): Compliance with the gender policy, particularly required gender action plans, is consistent in the LDCs. However, the quality and depth of gender assessments and reporting vary, making tracking gender impacts hard.

Finding 3(f): GCF's current approach to knowledge management is not based on a framework, nor does it provide opportunities to facilitate dialogue and learning.

Finding 3(g): LDCs have only 14 national DAEs, and most are accredited to implement low-risk and micro and small projects. Only three national DAEs are accredited for medium-sized projects. DAEs in LDCs find it difficult to meet accreditation standards and require more time and support to enhance the necessary technical and institutional capacities. The median time for accreditation of national DAEs from LDCs is 688 days versus 317 for regional DAEs and 490 days for international accredited entity (IAEs).

Finding 3(h): The GCF has rightly identified capacity constraints. GCF support programmes are not guided by strategies that lay pathways to enhance the capacities of DAEs to manage larger projects in LDCs. Nor has the GCF put in place mechanisms and incentives to engage IAEs in the capacity development of DAEs in LDCs. Although IAEs benefit from technical expertise, and often country presence, they are not incentivized by the GCF to ensure technology transfer throughout the project's implementation.

Key findings 4: Performance of the GCF's business model and processes in LDCs

Finding 4(a): More than half of LDCs have not accessed the PPF. A lengthy and resource-intensive process discourages them from applying.

Finding 4(b): The simplified approval process (SAP) was designed to ease access to funding, but it has neither shortened nor simplified the process for LDCs.

Finding 4(c): The GCF concept note and proposal development process is particularly challenging for LDCs, increasing preparation and transaction costs for project development are not considered. Difficulties meeting the stringent climate rationale requirements for adaptation projects are further aggravated by the duplicated review process through the Secretariat and iTAP.

Finding 4(d): Disbursement to LDCs has remained slow and low, compared with other country groups. Lack of legal expertise for DAEs contributed to delays in the funded activity agreement negotiations.

Finding 4(e): The Fund's position as a risk-taking institution is limited as it primarily funds low-risk projects. The GCF relies on the experience of IAEs in funding a limited number of projects in high-risk contexts. Overall, the GCF does not offer incentives to AEs to work in LDCs that reflect high risks for project implementation.

Key findings 5: Results and impact

Finding 5(a): Data on results of GCF projects in LDCs is not always consistent and complete. Gaps in monitoring prevail in LDCs. Measures to independently verify data on project implementation and results have not been fully operationalized. There is no system in place for risks-based annual reviews or annual ad hoc project checks to assess the veracity of data.

Finding 5(b): The LDC single-country projects portfolio has higher CO2 emissions targets as a proportion of annual emissions than the rest of the GCF portfolio, despite contributing a fraction of overall global CO2 emissions. However, the achievement of the targets is still limited, with very limited disbursement of only 2 per cent of the approved mitigation funding.

Finding 5(c): There is no systematic data on GCF targeting of vulnerable communities. Although not representative of the portfolio, evidence from country case studies and the baseline data from the IEU's Learning-Oriented Real-Time Impact Assessment from Rwanda, Madagascar and Bangladesh suggest that GCF projects in LDCs, particularly in adaptation, may target vulnerable communities.

Finding 5(d): Projects in LDCs consistently disaggregate the number of targeted beneficiaries by gender. However, the variance within gender reporting makes it difficult to make a portfolio-level assessment.

Finding 5(e): GCF's support of sustained low-carbon and resilient development pathways is hampered by systemic barriers to paradigm shift in the LDCs.

C. KEY RECOMMENDATIONS

Based on the above findings, the evaluation has a number of recommendations for how the GCF can better align approach and investments with its mandate in the LDCs.

Recommendation 1: The GCF should consider operationalizing, through board decisions, COP guidance specifically about the most vulnerable countries, and particularly LDCs.

Recommendation 2: The GCF Secretariat should urgently operationalize frameworks and plans on coherence and complementarity into a systematic approach with other climate funds at global, national and project levels.

> **2(a)**: The Secretariat should clarify processes that consider coherence and complementarity in project origination and appraisal.
>
> **2(b)**: The Secretariat should urgently develop and implement guidance on coherence and complementarity for GCF support programmes. Such guidance should consider other support programmes of bilateral and multilateral agencies as well as enabling conditions for climate action and barriers to paradigm shift.

Recommendation 3: The GCF should strengthen guidance and support to LDCs to enable them to assume ownership in engaging with the GCF.

> **3(a)**: The Secretariat should urgently clarify the strategic plan and use of country programmes in the LDCs. It should consider strengthening the linkages between GCF country programming and NAP implementation. Country programmes should link country needs with a pipeline of projects and indicate the scale of resources. A country investment strategy aligned with country needs should also be considered.
>
> **3(b)**: The Secretariat should urgently strengthen upstream pre- and post-accreditation support for DAEs to enhance capacity around climate data, accreditation requirements and legal obligations.
>
> **3(c)**: To address structural and institutional capacity constraints in the LDCs, the Secretariat should consider sustained GCF support for the secretarial functions of the NDAs/focal points and long-term training for NDAs/focal points. Accountability and tracking of GCF support should urgently be ensured to measure the results of GCF support credibly.
>
> **3(d)**: The GCF should strengthen the approach to stakeholder engagement by introducing a policy-level instrument, ensuring definitions and principles of engagement, especially for non-state local actors. This instrument should recognize the engagement of minorities, civil society and particularly vulnerable groups most affected by climate change. It should put special emphasis on project implementation and multi-country projects.

Recommendation 4: The GCF should support building structures and incentives that provide opportunities and motivation for countries, accredited entities and the Secretariat to engage DAEs.

> **4(a)**: The Secretariat should assess and develop incentives and accountability mechanisms for IAEs, to enhance project design, implementation and monitoring and evaluation capacities of DAEs in the LDCs. An updated accreditation framework and accreditation strategy should address the critical question of purpose and vision for Direct Access at the GCF.
>
> **4(b)**: The Secretariat should promote the twinning of AEs in the project development and project implementation phase, to strengthen the capacity of DAEs through early engagement and involvement in GCF projects in the LDCs.
>
> **4(c)**: The GCF should encourage and incentivize countries and DAEs to take a strategic approach when nominating for direct access.

4(d): While considering fiduciary and environmental and social safeguards performance, the Secretariat should provide tailored support to DAEs that demonstrate adequate capacity and ambition to fight climate change in the country through engagement with the GCF. A tailored approach should consider developing qualifying criteria and pathways to help DAEs graduate and deliver medium and large projects.

Recommendation 5: The GCF should clarify the links between GCF support programmes, such as RPSP and PPF, and funding modalities, including SAP, and streamline these connections to increase efficiency in project appraisal and programming.

5(a): The PPF application process should be streamlined and requirements simplified. The GCF should also address the coherence and complementarity of GCF support programmes internally. Externally, it should support programmes of other funds.

5(b): The Secretariat should consider integrating the concept note review into the project appraisal process to avoid duplication in reviewing the concept notes.

5(c): The Secretariat should acknowledge and contribute towards the additional costs, specifically owing to the context of the LDCs.

Recommendation 6: The GCF should adopt, implement and promote an inclusive knowledge management framework across the Secretariat and stakeholders, based on lessons learned, project evaluations, impact assessments and structured dialogues to guide NDAs, AEs and DAEs.

Recommendation 7: The GCF should ensure the tools and systems for effective results management, including the monitoring and accountability framework, are operationalized, transparent and accurate, to ensure trust and results.

7(a): The GCF should consider incentivizing, in particular in data poor contexts, the development and use of country monitoring systems to strengthen monitoring and evaluation capacity and management in the long term.

7(b): The Secretariat should consider revisiting indicators and reporting on gender to allow for the monitoring of gendered outcomes.

7(c): The GCF Secretariat should develop and implement tools to define and track how the use of indigenous people's concerns are addressed in the project development and implementation of GCF projects.

MAIN REPORT

Chapter I. INTRODUCTION

A. Overview

1. The Green Climate Fund (GCF) was established in 2010 to support developing countries' efforts to respond to climate change. The Governing Instrument (GI) states the Fund will contribute to achieving the objectives of the United Nations Framework Convention on Climate Change (UNFCCC) (or "Convention" hereafter) through promoting a paradigm shift towards low emission and climate resilient development pathways in developing countries. The GCF Independent Evaluation Unit has the mandate to discharge an accountability function and to support a learning function. Both are central to the GCF as a learning organization and are laid out in its GI.
2. At its twenty seventh Board meeting in October 2020, the Board of the GCF approved the IEU's annual workplan for 2021. Decision B.27/08 includes an independent evaluation of the relevance and effectiveness of the GCF's investments in the least developed countries (LDCs) (or "LDCs evaluation" hereafter).

B. Purpose and scope of the evaluation

3. The LDCs evaluation is a part of a concerted effort by the GCF's IEU to examine the relevance and effectiveness of GCF strategy and investments in the most vulnerable countries. As a designated operating entity of the Financial Mechanism of the UNFCCC, the GCF provides support to developing countries to limit or reduce their greenhouse gas (GHG) emissions and adapt to the impacts of climate change, taking into account the urgent and immediate needs of those countries most vulnerable to the adverse effects of climate change, including LDCs, Small Island Developing States (SIDS) and African States. The GCF targets a balanced allocation of resources between mitigation and adaptation.[7]

C. Evaluation objectives and evaluation questions

4. The evaluation assesses the effectiveness and efficiency of the GCF's investments in LDCs and explores whether this has been relevant and effective in reducing the vulnerability of local communities and their livelihoods to the effects of climate change, and whether these impacts are likely to be sustained. Overall, the evaluation endeavours to understand how and to what extent GCF's approach, mechanisms and financial modalities respond to the conditions facing LDCs. Moreover, the evaluation assesses the key enabling conditions for the GCF to support a paradigm shift towards low emission and climate resilient development pathways in LDCs. The evaluation was guided by the evaluation criteria for the IEU, which form the foundation of our core evaluation questions as shown in Table I-1. The associated subsidiary evaluation questions are described in detail in Annex 2, Vol. II of this evaluation.[8] The themes of gender as well as indigenous knowledge in LDCs receive special attention as cross-cutting themes.

[7] The GCF GI indicates "In allocating resources for adaptation, the Board will take into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including LDCs, SIDS and African States, using minimum allocation floors for these countries as appropriate. The Board will aim for appropriate geographical balance." (GI, para. 52). In UNFCCC decision 7/CP.20, paragraph 13, the COP requested the Board, in its implementation, to pay adequate attention to the priorities and needs of developing country Parties, including the LDCs, SIDS and African States.
[8] IEU (2021c)

Table I-1. Key evaluation questions

No.	Key questions	IEU evaluation criteria
1	Is the GCF relevant to the specific needs and urgency of climate action of LDCs?	Relevance
2	To what extent and how has the GCF ensured that countries own investments and are using country systems, including national budget, accounting or procurement systems?	Country ownership
3	To what extent does the GCF's business model, processes, pipeline and portfolio meet the specific needs and urgency of climate action in LDCs?	Performance (efficiency and effectiveness)
4	To what extent is GCF support effective in delivering results and impacts through the implementation of GCF funded projects and programmes to reduce the (long-term) vulnerability of local communities and their livelihoods to the effects of climate change?	Results (both expected and unexpected), impact and sustainability
5	To what extent is GCF climate finance complementary and coherent with other climate finance delivery channels, and how is this supporting replication and scale?	Coherence, replication and scalability

D. Methodology

5. The approach taken by this evaluation distinguishes between two related broad dimensions of GCF support. One dimension is closely associated with the business model of the GCF and includes mostly operational considerations related to *relevance*, *country ownership* and the performance (*effectiveness* and *efficiency*) of GCF support to build capacities and respond to the urgent climate needs of LDCs. This dimension also compares the GCF with comparator funds to assess *coherence*.
6. The second dimension pertains to implementation and the *results* of GCF support. Given the fact that the GCF portfolio is fairly young (with 72 per cent of GCF projects in implementation for less than 3 years)[9] this second dimension uses information from the GCF's APRs and emerging data from a limited number of projects within the IEU's Learning-Orientated Impact Assessment programme. The evaluation also utilizes a causal model to assess the likelihood that GCF support is helping countries put in place the conditions that will set countries on a low carbon and climate resilient development trajectory, including an assessment of *replication* and *scalability*. This evaluation also captures key relevant findings of previous IEU evaluations that are relevant to LDCs, as included in detail in Annex 4, Vol. II of this evaluation.
7. The evaluation has used a mixed methods approach for data collection and analysis which included the review and analysis of GCF Board decisions, GCF Secretariat guidance documents and project reports. The review of literature and documentation was completed systematically and utilized the most appropriate recent sources. The evaluation team also made extensive use of data from the IEU's DataLab and consulted recently published technical and professional journals. The evaluation

[9] Under implementation refers to when the FAA has become effective. Out of 68 projects in LDCs, 72 per cent have an FAA effective status (49 projects) while 15 per cent are still pending. The other 13 per cent have been executed. Of the projects with an effective status, 55 per cent have become effective in the past two years (2020 and 2021). This becomes 80 per cent when including 2019. 54 per cent of GCF projects have been in implementation for less than 2 years (including not yet in implementation and in implementation since 2020 or 2021). Exactly 72 per cent of GCF projects have been in implementation for less than 3 years (including not yet in implementation and in implementation since 2019, 2020 or 2021).

team completed a range of interviews with stakeholders, including Board members, UNFCCC representatives, NDAs, Secretariat staff, staff from entities and a variety of stakeholders from the GCF and within countries. In total the evaluation team talked to over 150 respondents. A snowballing sampling procedure was applied for GCF employees with interviews taking place by division. Wider respondents were sampled purposively. The evaluation included five country case studies (Cambodia, Ethiopia, Haiti, Malawi and Togo), and the team also completed a desk review of GCF support to LDCs in the Pacific. Qualitative analysis used Dedoose as a tool for textual analysis. Learning-Oriented Real-Time Impact Assessment (LORTA) data from three baseline surveys, wider secondary data sets and one set of panel data were analysed using STATA. The decision-making trial and evaluation laboratory was used to develop the causal model to assess likely GCF contributions to the conditions for a paradigm shift.

E. Limitations

8. This evaluation took place under strict resourcing and time constraints from March to December 2021. International travel was not possible due to travel restrictions related to the COVID-19 pandemic. Given recent staff turnover at the GCF Secretariat, and the absence of a designated LDCs focal point with the Secretariat, the evaluation team relied on a number of key Secretariat stakeholders who could provide a historical perspective related to the GCF's support and investments in LDCs. In response to these limitations, the evaluation team ensured:
   a) the scope of the evaluation remained focused and streamlined.
   b) existing evaluations and data analyses were optimized.
   c) efficient use of virtual methods of communication.
   d) and constant communication regarding emerging issues.
9. Another major limitation is that much of the information available for the evaluation is self-reported data that has not been independently verified and contains considerable gaps. Annual Performance Reports (APRs) are the main instrument through which projects report progress on results to the GCF. While the IEU conducts country case studies including project deep dives during evaluations, there is no system in place to verify the APR data such as random checks on the information reported. In the case of the RPSP support provided by the GCF, there are no systematic results frameworks in place to capture information on how RPSP support has been utilized and how it has contributed to specific outputs and outcomes. This contributes to a major evidence gap pertaining to how RPSP funds are used by grantees and on the support to accessing and implementing GCF financing. On a broader note, verification methods and tools used by the Secretariat and outlined in the monitoring and accountability framework could not be identified.[10] In addition, this evaluation has encountered discrepancies between GCF data on the pipeline of projects in a country and the information held by the NDA in some country contexts.
10. A further issue is the way that multi-country projects and programmes are accounted for within GCF reporting. Multi-country projects and programmes include a list of countries often including LDCs. Inclusion in this list does not guarantee project implementation. Instead, it solely means that the country could be selected for implementation. For this reason, where project activity is discussed in this report, single country projects in LDCs are prioritized as a source of data for understanding the extent to which the GCF is relevant and effective in LDCs (and multi-country projects are reported

[10] For example, see IEU (2018b), and GCF/B.11/24, Decision B.10/10 including annexes.

separately, wherever possible). For this purpose, the 52 single country projects are the main evaluand for understanding project activity in LDCs.[11]

11. In response to these limitations, the evaluation team has been cautious in drawing and qualifying findings when warranted. Where evidence is self-reported, significant evidence gaps exist, or where the team was not able to triangulate self-reported evidence with independent sources, it is indicated throughout. The evaluation team also ensured that conclusions were sufficiently supported by the available evidence. Discrepancies found in the country portfolio composition were identified in close communication with NDAs. As highlighted above, the evaluation team also identified existing evaluations and analyses pertaining to LDCs that had been previously carried out by the GCF and other independent evaluation offices and used this existing evidence to triangulate and reinforce the new evidence.[12] The case studies were conducted through a hybrid approach of virtual and in-person interviews with face-to-face interviews mitigating some of the limitations encountered by virtual communication. The case studies were selected according to pre-determined criteria as outlined in the approach paper for this evaluation.[13] Whilst the five case studies and one desk review are not strictly representative of all LDCs, the data from these interviews highlight key themes and processes which can be seen to resonate across the broader LDCs portfolio.

F. ROADMAP FOR THIS REPORT

12. The report is organized as follows:

Chapter II provides background and context on LDCs, the GCF Board's early decisions on meeting the climate needs of LDCs including the approach of the recently adopted Updated Strategic Plan (USP) 2020-2023. This chapter also summarizes the climate challenges in LDCs and an overview of the RPSP and Direct Access Entities (DAEs) in LDCs.

Chapter III describes the responsiveness and relevance of the GCF to LDCs based upon UNFCCC decisions and the sufficiency of Board decisions.

Chapter IV maps out the GCF's complementarity with other climate finance entities (the Adaptation Fund (AF), the Global Environment Facility (GEF) and the Least Developed Country Fund (LDCF)) as mandated by the UNFCCC and as supported through Board decisions and operational arrangements.

Chapter V provides an analysis of the extent and factors affecting country ownership of GCF support. The chapter examines ways the GCF seeks to cultivate country ownership, through the accreditation of DAEs, in projects implemented by both DAEs and International Accredited Entities (IAEs) and by stakeholder engagement in design and implementation. Chapter V also explores country capacity strengthening and its links to country ownership.

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[11] Multi-country projects and programmes were included in our country case studies but are often separated out within our data analysis.

[12] Annex 4 presents a summary of the existing evaluative evidence on projects and programmes addressing climate change by the GCF as well as other funds such as the GEF, the AF.

[13] For the shortlisting of countries, a series of GCF-oriented selection criteria were applied to ensure a diversity of experiences: to ensure a balanced geographical coverage; to ensure that at least one country in each world region with an approved GCF project is included in the selected group of countries; to the extent possible, ensure that at least one country in each world region selected has the GCF's readiness funding approved; to the extent possible, ensure diversity of GCF project focus (mitigation, adaptation and crosscutting); to ensure diversity of multi-country and single-country projects; to ensure diversity of financial instruments and public and private sector projects; to ensure diversity of AEs – national, regional and international – with approved projects in the selected countries; to ensure inclusion of at least one country with a national DAE; to the extent possible, ensure that the country selected has at least one annual performance report (APR) available; to ensure inclusion of at least one LDC that is participating in the IEU's LORTA to increase synergies and leverage available data. (IEU, 2021c).

Chapter VI assesses the performance of GCF investments in LDCs in terms of the effectiveness and efficiency of its business model, particularly in terms of the timeliness of support and investments.

Chapter VII provides an early appraisal of the GCF’s contributions to results for communities, vulnerable groups and the extent to which GCF projects address aspects related to replicability and scalability. The chapter also reports findings from the IEU’s LORTA programme. This chapter concludes by drawing on system modelling to assess how and to what extent GCF interventions are addressing the conditions likely to enable a paradigm shift to a low carbon climate resilience development trajectory in LDCs.

Chapter VIII presents the findings and recommendations for this evaluation.

Chapter II. CONTEXT AND BACKGROUND

A. ATTRIBUTES OF LDCS

13. As of 2020, 1,057 million people lived in LDCs, corresponding to 13.5 per cent of the world's population (see Table II-1). The poverty headcount rate (using the USD 1.90 per day poverty line) in LDCs has declined from around 60 per cent in 2000 to close to 40 per cent in 2015 and stayed at a similar level until the end of the decade (Valensisi, 2020). Valensisi also reports that the LDCs' share of individuals living beneath the global poverty line (using the USD 1.90 per day measure) stands at over 50 per cent, compared to just over 13 per cent of the world's population. In 2019, under-5 mortality was 63 per thousand live births (compared to a global figure of 37.7), gross secondary school enrolment was 47 per cent (compared to 76 per cent globally) and the share of agriculture, fishing and forestry in gross domestic product (GDP) was at 18 per cent compared to 4 per cent globally. In 2019, LDCs contributed just under 5 million kilotons of CO_2 equivalent in terms of GHG emissions per country compared to the global average of 54 million kilotons.[14]

14. The United Nations Committee for Development Policy uses three criteria for determining the countries' status as an LDC: Gross National Income (GNI) per capita, a Human Assets Index, and an Economic and Environmental Vulnerability Index (EVI). Whilst non-LDC SIDS and African States and other GCF-eligible countries have seen dramatic improvements in GNI per capita since 2002, this has not been the case for LDCs whose GNI per capita remains below USD 1,000. LDCs have, however, seen an appreciable improvement in the Human Asset Index since 2002, although this remains much lower than other country groups. The EVI has stayed relatively constant for all groups of countries since 2002.[15]

15. A number of LDCs face particular conditions, including being landlocked and/or facing fragile and conflict affected situations. Seventeen out of 46 LDCs are landlocked countries with a population of around 399 million, which is about 38 per cent of the total population living in LDCs. People living in landlocked LDCs have a median average GDP per capita of USD 831, below the median GDP per capita of USD 926 in all LDCs (see Table II-1). Twenty five LDCs face fragile and conflict affected situations within their territories.[16] These countries, which contain 42 per cent of the LDCs population, have a median GDP per capita of USD 787. Table II-1 describes some of the key characteristics of subgroups of LDCs, including approved GCF funding. Figure II-1 illustrates GNI per capita across LDCs, SIDS, African States and other GCF-eligible countries.

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[14] World Development Indicators, 2021.
[15] United Nations Committee for Development Policy Secretariat, Time series estimates of the LDCs criteria, 12 April 2021. Looking deeper into some of the sub-indices behind the EVI, we can see LDCs display a broadly similar trend to other country groups for the share of agriculture fisheries and forestry in GDP, agricultural instability and export concentration. In contrast, LDCs' export instability has worsened in the past 20 years whilst this indicator has improved for non-LDC SIDS and African States and other GCF-eligible countries. See Figure A – 38, Annex 1.
[16] See World Bank Classification of Fragile and Conflict Affected Situations (FY21).

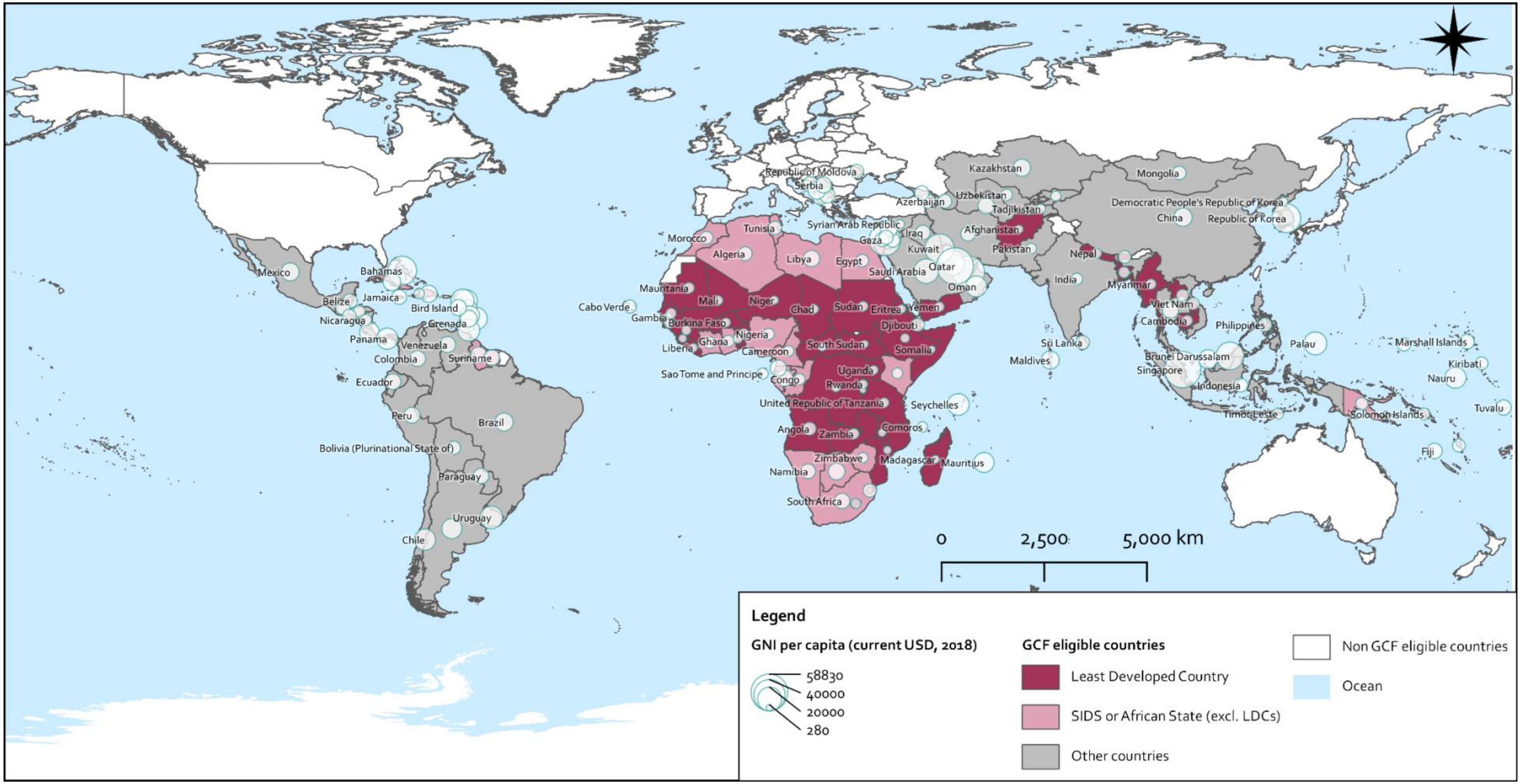
Table II-1. Landlocked LDCs, SIDS and LDCs facing conflict or institutional and social fragility

	Border geography of LDCs			Classification of fragility		All LDCs
	Landlocked LDCs	SIDS LDCs	Neither landlocked nor SIDS	Fragile/conflict affected situations	Fragility not indicated	
Countries	17	8	21	25	21	46
Population [millions]	399	17	641	448	609	1,057
Median GDP per capita [USD]	831	1,537	915	787	1,155	926
Median GNI per capita [current USD]	750	1,835	940	720	1,200	910
Median ND-GAIN Vulnerability Index	0.5583	0.5273	0.5430	0.5624	0.5277	0.5455
Approved funding [USD millions]	1,314	323	1,310	1,119	1,830	2,948

Source: GCF IPMS Countries and projects data (October 8, 2021); World Bank (WB) GNI per capita (2018); ND-GAIN Country Index (2019); United Nations Department of Economic and Social Affairs (UNDESA) official triennial review data set for LDCs (2021); United Nations Statistics Division landlocked countries (March 2021); WB Classification of Fragile and Conflict Affected Situations (FY21).[17]

[17] For two LDCs whose GNI per capita are not shown in the WB data, 2021 data from the UNDESA were used. The GCF funding approved includes both single-country and multi-country funding, where for many multi-country projects it has been assumed that the funding would be distributed equally across participating countries.

Figure II-1. GNI per capita across LDCs, SIDS, African States and other GCF-eligible countries



Source: GCF IPMS GCF-eligible countries (October 8, 2021); WB GNI per capita (2018, retrieved on October 8, 2021); UNDESA's Official triennial review data set for LDCs (2021). Please note that Haiti, the LDC in Latin American and the Caribbean, is not visible in the figure.

B. THE GCF MANDATE IN LDCS

16. **The GCF GI and the GCF Board acknowledge the special conditions of LDCs and call for special attention to the need to support adaptation in the most vulnerable countries, particularly in LDCs, SIDS and African States.** The vulnerability of LDCs, along with SIDS and African States, is foundational to the creation and operation of the GCF. As highlighted above, the GI of the GCF mandates that: "In allocating resources for adaptation, the Board will consider the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including LDCs, SIDS and African States, using minimum allocation floors for these countries as appropriate. The Board will aim for appropriate geographical balance."[18]

17. The urgency that is accorded to LDCs was expanded upon in B.05 which highlighted that resources will be allocated, *inter alia*, to "*the urgent and immediate needs of vulnerable countries, in particular the LDCs, SIDS and African States.*"[19] The B.06 adopted the initial parameters and guidelines for allocation of resources with a decision to "*aim for a floor of 50 per cent of the adaptation allocation for particularly vulnerable countries, including least developed countries (LDCs), small island developing States (SIDS) and African States*."[20] In this respect, Decision B.06/06 requested the GCF to strive to balance the portfolio based on a 50:50 theme-based allocation between mitigation and adaptation, and importantly, within adaptation, at least 50 per cent of the allocation for particularly vulnerable countries, which include LDCs, SIDS and African States.

18. The Board asked the Secretariat to report at B.13 how it would increase attention to be fully aware of "developing countries particularly vulnerable to the adverse effects of climate change, in particular the LDCs, SIDS, and African States, according to project size, mitigation/adaptation, and local and sector circumstances."[21]

19. The USP 2020-2023, which was approved by the Board at B.27, refers to LDCs in the following ways. First, it confirms that the resource allocation parameters for the GCF-1 programming period for mitigation and adaptation will continue to be based on Board Decision B.05/05. Moreover, the USP highlights how GCF-1 will deliver:

> Balanced funding across mitigation and adaptation over time, as well as using minimum allocation floors as appropriate in allocating resources for adaptation, taking into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including LDCs, SIDS and African States in line with the Governing Instrument, decisions of the Board [6] and the Fund's Initial Resource Mobilization outcomes. The Board will aim for appropriate geographical balance.

20. The GI also highlights how the role of the private sector, including small- and medium-sized enterprises along with local financial intermediaries, will be supported by the GCF "to enable private sector involvement in SIDS and LDCs".[22]

21. In addition, much of the guidance from the Conference of the Parties (COP) to the GCF has been relevant to LDCs as a subset of developing countries. Chapter IV of this report presents the guidance

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[18] GCF GI, para. 52
[19] See Decision B.05/05.
[20] See Decision B.6/06.
[21] GCF GI, para. 2
[22] GCF GI, para. 43

that the GCF has received from the COP in relation to LDCs and the responsiveness of the Board to this guidance.

C. LDCs and climate change

22. **Climate action is particularly challenging for LDCs because they must build the capacities to respond to climate change while they address urgent structural development needs. High levels of vulnerability to the impacts of climate change are often accompanied by lower adaptation readiness in LDCs.** As a starting point for the evaluation, the team identified key peer-reviewed and grey literature, such as reports from multilateral organizations, on climate change interventions in LDCs. This literature provides a framework for the evaluation to understand the critical barriers and solutions for LDCs that the GCF should consider when making its support for adaptation and mitigation more relevant and effective. Overall, LDCs, as a group, experience multiple systematic barriers to effective implementation of adaptation and mitigation planning. LDCs are countries that contributed the least to climate change but are facing disproportionally high socioeconomic effects from its impacts.

23. LDCs are particularly vulnerable to economic shocks. During the past decade, since the 2008-2009 economic crisis, LDCs have struggled with a slow recovery due to unstable primary commodity prices (UNCTAD, 2019, 2020) as well as dependence on external finance. The level of indebtedness in LDCs has steadily increased.[23] Overall, the pace of debt accumulation for these countries is growing at twice the rate of other low- and middle-income countries (Volz and others, 2021).[24]

24. The present COVID-19 pandemic illustrates this economic vulnerability. LDCs have been more severely hit by the economic downturn stemming from national and international government restrictions, limited movements across borders and lowered daily productivity in industries that rely on large-scale factory production and/or movement. The severe economic impact is explained by both their structural economic situation and by not having fully recovered from the shock of the 2008-2009 economic crisis (UNCTAD, 2019, 2020). These economic burdens trickle down to the household level, where key resilience factors including the diversification of livelihoods across sectors and space, along with limited asset ownership, have left populations highly vulnerable to wider economic and natural crises. A further factor which increases the vulnerability of LDCs communities is the difficulty to access financial services. As of 2018, less than 30 per cent of adults in LDCs had bank accounts, which is almost half of the percentage for developing countries at this time. Moreover, saving rates in LDCs declined from 17.5 per cent in 2012 to 13.3 per cent in 2016.[25] The COVID-19 pandemic threatens to undo development gains within LDCs in previous decades. Reductions in foreign direct investment, remittance flows and greater debt burdens threaten economic stability through three channels: the severity of the health crisis; the reduced availability of fiscal space and rising debt burdens; and the proximity of many individuals just above the poverty line (Valensisi, 2020).

25. Within LDCs, the most vulnerable sections of the population tend to be located in remote rural areas. These areas often have limited agricultural potential (such as drylands and highlands), can be distant from centres of economic and political power, tend not to be strongly integrated in terms of infrastructure as well as markets and communication, and may not be regular recipients of resource flows from the central government. For example, in Bangladesh some of the most vulnerable communities to climate change are in extreme low-lying areas. The limited productivity of natural

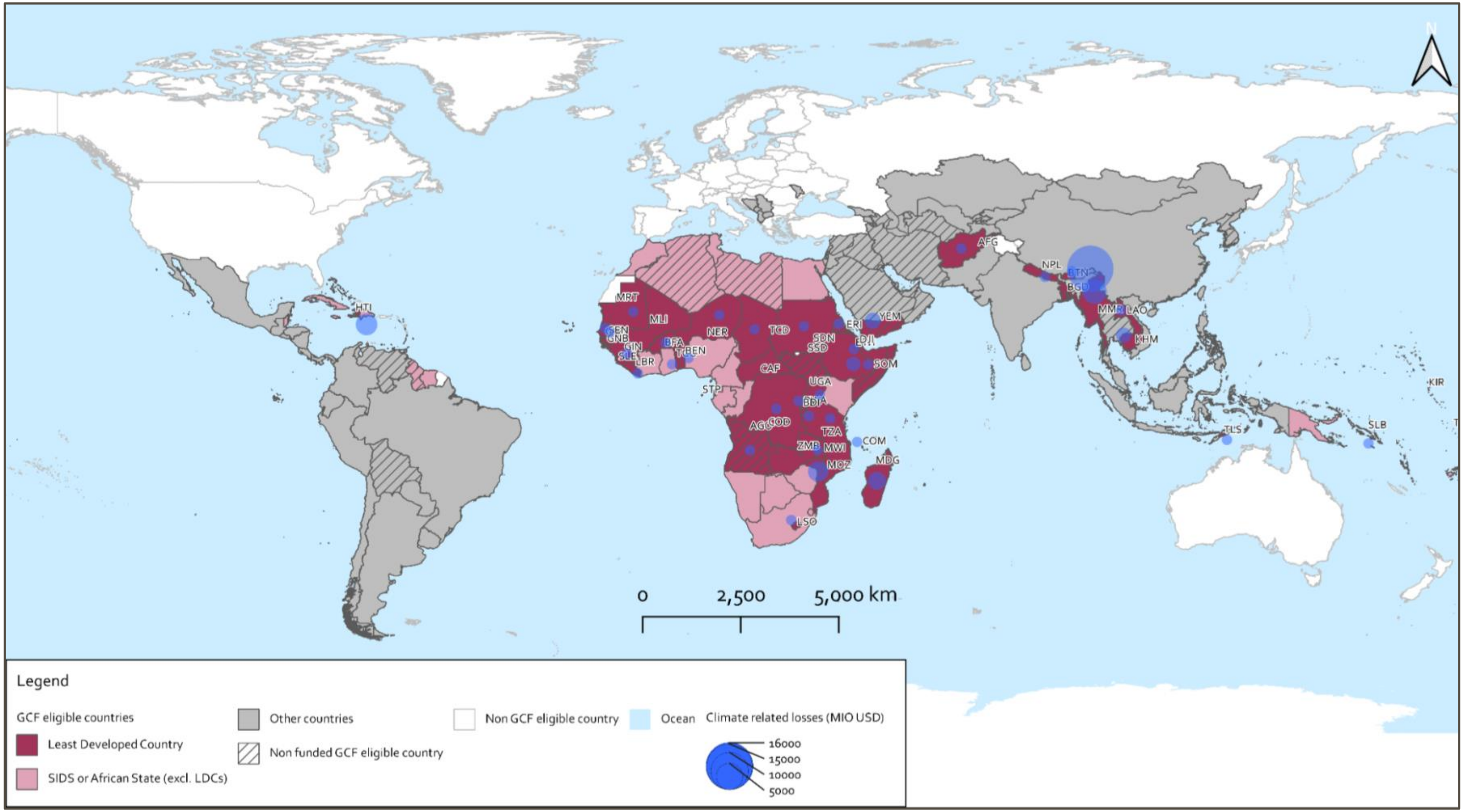
[23] UN-OHRLLS (2018)
[24] WB (2020), Dennis Essers, Danny Cassimon and Martin Prowse (2021)
[25] UN-OHRLLS (2018)

resources in remote areas and limited political visibility and receipt of public finance are exacerbated by the distance from centres of exchange and commerce, leading to imperfect and thin markets with limited labour market opportunities. Particularly vulnerable groups in LDCs include indigenous peoples as well as displaced populations, including refugees.

26. Adding to country and household vulnerability is the distress of consistent natural and climate-induced hazards and variability. Given the low resilience and high economic reliance on natural resources and ecosystems, LDCs are some of the most vulnerable to climate change. Common climate hazards across all 46 LDCs include, in order of frequency, floods, heavy precipitation events and changes in precipitation patterns, droughts, extreme temperatures and altered temperature patterns, and storms (LDC Group, 2019). Almost all LDCs' nationally determined contributions (NDCs) prioritize agriculture and food security and most present water resources, coastal zone management, forests, land use change and ecosystems, alongside policy, strategy, and planning as key sectors for action. In contrast, health, infrastructure or energy interventions as well as education, social protection and industry are frequently prioritized less (IIED, 2019).

27. Climate change vulnerability is often accompanied by lower adaptation readiness in LDCs. As many LDCs frequently face extreme weather shocks and stresses, adaptation is an immediate priority. Recent literature on climate impacts and adaptation within LDCs highlights an increased frequency and intensity of climate extremes (Miyan and others, 2017). The ND-GAIN country index (2019) shows that, overall, LDCs have higher vulnerability and lower readiness than non-LDCs, with higher vulnerability usually accompanied by lower readiness, and vice versa (see Figure A - 1 in Annex 1, Vol. II of this evaluation). Figure II-2 below highlights estimates of climate-related losses in LDCs across the country categories utilized for this evaluation. These estimates suggest that climate-related losses are, in absolute terms, particularly large in Bangladesh, Afghanistan and Haiti.

Figure II-2. Estimates of climate related losses in LDCs



Source: EM-DAT, CRED/UCLouvain, Brussels, Belgium; UNDESA's Official triennial review data set for LDCs (2021), accessed on July 25, 2021 compiled by the IEU DataLab.

28. Governance challenges and low institutional and human resource capacity impede successful action in adaptation and mitigation. The literature on LDCs generally agrees that low institutional and human capacity as well as fragile and fragmented governance structures pose challenges for successful implementation of adaptation and mitigation action and can hamper progress even when countries graduate from their LDC status (Caldwell and Larsen, 2021). The Independent Evaluation Office of the GEF noted that LDCs are "disadvantaged due to their relatively weaker administrative and technical capacity" (GEF, 2020). Almost two thirds of LDCs express a need for capacity building and knowledge transfer in order to be able to implement their NDC objectives, especially in the area of knowledge and skills development at the institutional level (IMPACT, 2017). Furthermore, the literature reveals that adaptation to climate change has not been adequately translated into national programmes and strategies (UNDP IEO, 2019). A shortfall in many LDCs policy and strategy frameworks for climate change is a lack of robust, long-term climate resilient systems that operate across sectors and integrate poverty, climate change, and economic concerns (IIED, 2020). In addition, the literature points towards a continued exclusion of the private sector in policy frameworks even for mitigation interventions. For example, UNCTAD mentions a clear need to have policy frameworks for private sector engagement in LDCs (UNCTAD, 2020). In other words, while platitudes are frequently offered regarding engagement of the private sector in addressing the needs of LDCs, there is little implementation progress in this regard.

29. Closely related to country capacity is the fact that LDCs are hampered by limited access to high quality technology and science and are often reliant on their development partners to provide access. For example, UNFCCC Article 4, paragraph 9, clearly states that "The Parties shall take full account of the specific needs and special situation of the LDCs in the actions with regard to funding transfer of technology."[26] Indeed, 45 per cent of LDCs (21 countries) mention that technology transfer is crucial to allow for both mitigation and adaptation when it comes to implementation of their NDCs (IMPACT, 2017). Furthermore, access to clear research and accurate and consistent data has also been shown to hamper LDCs' abilities to assess the full extent of their vulnerabilities. The International Institute for Environment and Development (IIED) reports that there is little LDC-specific scientific climate change impact data available to help guide domestic policymaking and "LDCs need reliable data series that are consistent over time and equivalent across research fields to improve the visibility of their vulnerabilities" (IIED, 2020).

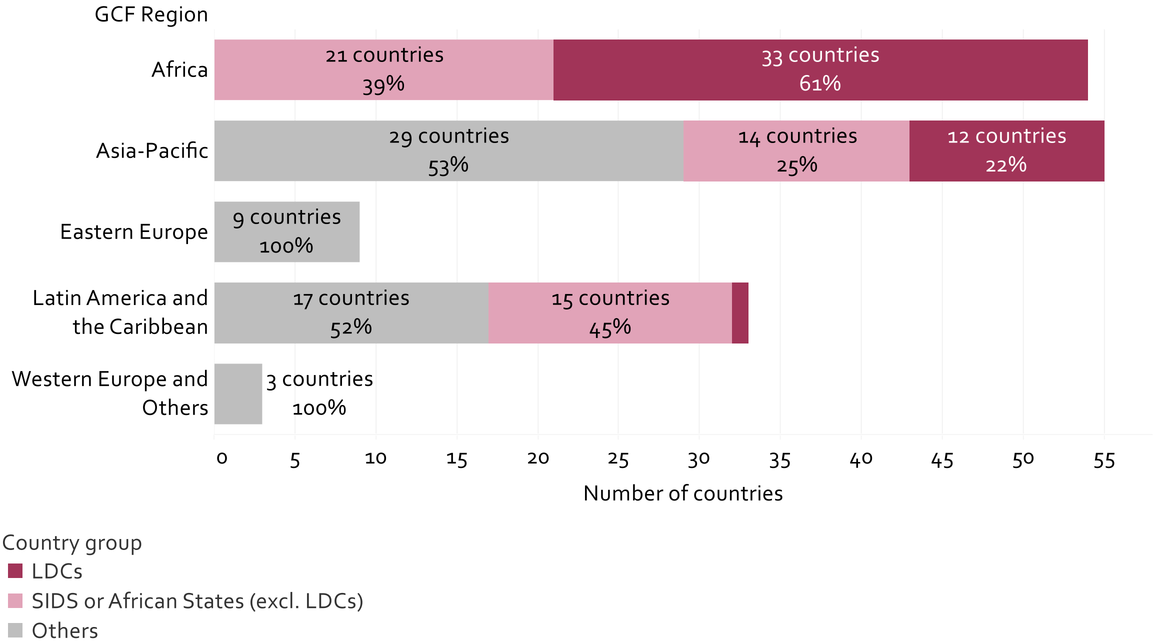
30. Social conditions also impact the degree to which countries can advance towards their adaptation and mitigation goals. Inclusive and participatory stakeholder engagements, both at the national and local levels, have become a key requirement of most climate funding and project preparations. However, involving the most vulnerable stakeholders in planning and implementation can be difficult given, for example, social and institutional norms or competing priorities. Sovacool and others (2017) report that *"*deeply entrenched social institutions and norms may influence which group members will be able to have a voice and ultimately exercise rights*"* and thus influence adaptation and mitigation options. In addition, Holler and others (2020) note that "stakeholder participation is challenging when trying to involve vulnerable groups who cannot afford missing productive time, are marginalized by local leaders, or are in political opposition to the national government."

[26] It is noted that LDCs countries struggle to implement adaptation without enough capacity building, funding, and technology transfer. (Bernardo and others, 2020).

D. LDCs PORTFOLIO SUMMARY

31. GCF recipient countries include 46 LDCs, out of which 33 are located in Africa, 12 in the Asia & Pacific region and one each in Latin America and the Caribbean (as illustrated in Figure II-3).

Figure II-3. GCF-eligible countries by region



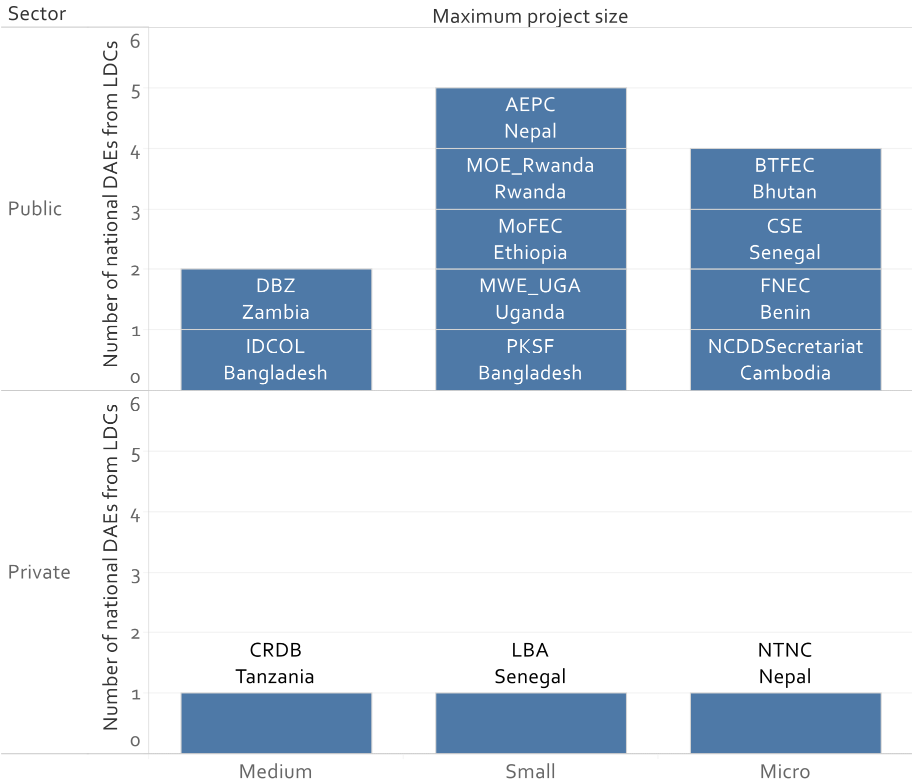
Source: GCF IPMS GCF-eligible countries

32. The portfolio of the RPSP in LDCs comprises 143 grants, with USD 102 million in commitments. Of these 143 grants, 128 have been disbursed. Africa takes up 62 per cent of the RPSP funding; another 33 per cent goes to the Asia and the Pacific region and 5 per cent for Haiti in Latin America and the Caribbean. In Africa and in Latin America and the Caribbean, adaptation planning takes up most of the funding, USD 35 million (56 per cent) and USD 3 million (60 per cent), respectively. In Asia and the Pacific, capacity building/strategic frameworks/policy development (CB/SF/PD) receives a slightly larger amount, namely USD 18 million (55 per cent).

33. Out of 46 LDCs, 11 countries have a national DAE. Bangladesh, Nepal and Senegal have two national DAEs, while Benin, Bhutan, Cambodia, Ethiopia, Rwanda, Tanzania, Uganda and Zambia have one each, resulting in a total of 14 national DAEs. The percentage of LDCs having a national DAE (24 per cent) is comparable to the rate in non-LDC SIDS and African States and other GCF-eligible countries (20 per cent and 28 per cent, respectively),[27] Figure II-4 illustrates how most national DAEs from LDCs are public sector entities that are accredited for micro or small projects, with only three countries hosting a national DAE for medium-sized projects.

[27] Having a DAE has thus far not guaranteed that a project will be implemented through DAEs.

Figure II-4. Number of national DAEs from LDCs by maximum implementable project size and sector



Source: GCF IPMS Entities data (October 8, 2021)[28]

34. Whilst there are plenty national and regional DAEs that can target LDCs, the GCF portfolio in the LDCs is mostly led by IAEs (with 62 of 77 approved projects). Figure A - 7 in Annex 1 (Vol. II of this evaluation) illustrates approved GCF funding per type of AE in LDCs.[29] When considering single country and multi-country projects together, it illustrates how 75 per cent of approved funding is through IAEs in LDCs, compared to 9 per cent through regional DAEs and 16 per cent through national DAEs. Although it is certainly unbalanced, this compares favourably to the proportions in non-LDC contexts (which includes both non-LDC SIDS and African States alongside other GCF-eligible countries). Here the proportion of approved funding that is channelled through IAEs is 82 per cent with 13 per cent funnelled through regional DAEs and only 5 per cent through National Direct Access Entities (NDAEs). Full details of the LDC portfolio are described in Chapter V and Chapter VI.

35. We now turn to Chapter III which focuses on the responsiveness of the GCF to guidance from the COP alongside the relevance to the specific needs and urgency of climate action in the GCF.

[28] There are several entities, including a national DAE from an LDC, that are now undergoing re-accreditation. Accreditation expires every ~5 years and the entities are required to go through the accreditation process again. For our evaluation, we still include these entities as accredited.
[29] There are four AEs receiving more than USD 200 million of GCF financing, namely the AfDB, UNDP, WB, and Infrastructure Development Company Limited (IDCOL, a DAE of Bangladesh). When looking at co-financing (which includes contributions in cash and in kind), there are three AEs (the ADB, AfDB and WB) with more than USD 500 million. When taking GCF financing and co-financing together, there are four AEs with more than USD 500 million, which are the ADB, AfDB, UNDP and WB (constituting 61 per cent of the total financing). When looking at non-LDC projects, these four AEs are slated to receive 40 per cent of the total funding (GCF financing and co-financing).

Chapter III. RESPONSIVENESS AND RELEVANCE OF THE GCF TO LDCS

CHAPTER SUMMARY

The evolution of the GCF highlights that without a specific GCF Board decision, COP guidance is likely to remain partially implemented or unimplemented. The effectiveness of mechanisms and programmes implemented by the GCF, especially in relation to the challenges LDCs face in accessing GCF funding, are not consistently followed up with specific Board guidance to the GCF Secretariat. There is no specific mechanism to ensure the GCF's NAP support translates into adaptation project origination, so that adaptation allocation targets will continue to be met. Access to the GCF remains cumbersome to NDAs and DAEs in the LDCs, which is further aggravated by structural barriers in the LDCs. Simplifying processes have not been achieved to date. GCF's engagement with SMEs and local private sector is limited, due to a lack of accreditation efforts and options. Lastly, clear definitions and approach to financing loss and damage remain key obstacles for GCF programming and operations.

A. GUIDANCE FROM THE COP RELATED TO LDCS

36. **Finding 1(a): Conference of the Parties' (COP) decisions related to LDCs are not consistently followed up with specific GCF Board guidance to the Secretariat.**

37. When the GCF was established at COP16 as an operating entity of the Financial Mechanism under Article 11 of the UNFCCC, it was determined that the GCF shall function under the guidance of and be accountable to the COP. At the seventeenth session of the COP (COP17) in 2011, the COP approved the GI of the GCF (Decision 3/CP.17). In order to ensure the GCF's accountability to the COP, Decision 3/CP.17 states that the GCF Board will:

- Receive guidance from the COP on the funds' policies, programmes, eligibility criteria and matters related thereto.
- Take appropriate action in order to respond to the guidance received.
- Submit annual reports to the COP for its consideration and receive further guidance. The annual reports include information on the implementation of policies, programme priorities, eligibility criteria and all matters related to guidance from the COP.

38. While all developing country Parties to the Convention are equally eligible to receive resources from the GCF, the GCF has specific mandates to pay particular attention to the needs of the countries that are highly vulnerable to the effects of climate change, in particular, the LDCs, SIDS and African States.[30]

39. The following sections provide an analysis of the key decisions emanating from the COP relating to the special needs and circumstances of LDCs, as well as to assess the sufficiency of the responses by the GCF Board and actions taken by the GCF Secretariat in the adoption of new policies, systems,

[30] The GCF achieves this through "project-based and programmatic approaches and programmatic approaches in accordance with climate change strategies and plans, such as low-emission development strategies or plans, nationally appropriate mitigation actions (NAMAs), national adaptation programmes of action (NAPAs), national adaptation plans (NAPs) and other related activities" (GCF, 2011).

guidelines or procedures.[31] Six pillars of the COP guidance will be considered, as illustrated in Table III-1.

[31] See also Annex 6, Vol. II of this evaluation.

Table III-1. UNFCCC COP Guidance to the GCF

	UNFCCC COP GUIDANCE TO THE GCF OF RELEVANCE TO LDCs								
UNFCCC COP decisions or requests related to LDCs	Enhanced investments in adaptation for LDCs	Expedited support for the development of NAPs for LDCs	Expedited support for the formulation and implementation of readiness	Simplified and efficient application and approval procedures		Accelerated Private Sector Facility operationalization with a focus on engaging local private sector actors including small to medium enterprises in LDCs		GCF to provide financial resources for addressing loss and damage in developing countries
	↓	↓	↓	↓		↓		↓
	Aim 50:50 balance allocation of funding between mitigation and adaptation as reflected in Decision 9/CP.20	Reflected in COP decisions 1/CP.21 paragraph 46; 1/CP.16; 5/CP.17	Reflected in COP Decision 7/CP.20 paragraph 12 [32]	Reflected in COP Decision 7/CP.20 paragraph 13; 1/CP.21 paragraph 64; 10/CP.22 paragraph 7		Reflected in COP Decision 7/CP.20 paragraph 9		Reflected in CMA[33] Decision 2/CMP.2; 6 CMP.2
↓	↓	↓	↓	↓	↓	↓	↓	↓
Board response to UNFCCC	The GCF Board decided to aim for a floor of 50% of the adaptation allocation for particularly vulnerable countries, including the LDCs,	The Board established an activity under RPSP to fund up to USD 3 million to support formulation of NAPs and other national	The Board welcomed simplification of the readiness support template and agreed to simplify the readiness grant agreement to expedite resources disbursement (B.12/32)	No dedicated strategy/policy for LDCs accreditation but agreement to waive fees for micro/small	The Board approved the SAP pilot scheme in B.18/06	Decision B.14/08, the Board prioritized accreditation, including private sector	Decision B.10/11, the Board established a pilot to support MSMEs[35] allocating	No dedicated policy on loss and damage (L&D) although the GCF reports funding L&D related activities Neither the GCF's GI nor the Initial Strategic Plan

[32] COP decision 7/CP.20 paragraph 12 states that [the COP] "requests the GCF Board to accelerate the implementation of its work programme on readiness and preparatory support, ensuring that adequate resources are provided for its execution, including from the initial resource mobilization process, providing urgent support to developing countries, in particular the least developed countries, small island developing states and African States, led by their national designated authorities or focal points to build institutional capacities in accordance with Green Climate Fund Board decision B.08/11."
[33] CMA is the short form for the group of the countries who have signed and ratified the Paris Agreement. The full name of this governing body is "Conference of the Parties serving as the meeting of the Parties to the Paris Agreement". Meetings of this group are numbered and called "CMA1" etc.
[35] Micro, Small, and Medium Enterprises Pilot.

	UNFCCC COP GUIDANCE TO THE GCF OF RELEVANCE TO LDCs							
	SIDS and African States B.06/06	planning processes (B.22/11)[34]		accreditation levels for LDCs		entities, in particular	up to USD 200 million	explicitly mentions L&D
Evaluative judgment on implementation in operations of the Secretariat	In nominal terms, 28% of the total GCF financing has been approved for adaptation in LDCs, SIDS and African States, which compares favourably to the target of 25% requested by the COP. In grant equivalence, this equates to 36% of total GCF financing, which exceeds the COP's requested target.	GCF support for the formulation and implementation of NAPs has been slow and NAPs are often not used to guide project identification and climate action in LDCs. The linkage between these national plans and the GCF's country programming and operations can be tightened.	GCF programmes and instruments that support capacity building remain cumbersome, making it difficult for LDCs to access capacity development financing. Similarly, financing for capacity development does not address broader key conditions that affect countries' abilities for lasting climate action.	DAEs in LDCs typically find it difficult to meet GCF standards for accreditation and often require more time and support to build the necessary capacities than DAEs in other countries. Most DAEs accredited so far in LDCs are accredited for micro or small projects. (Chapter VI)	GCF has attempted to simplify the process and shorten the time to access GCF financing; yet these objectives have not been achieved.	GCF's approach has made a limited contribution to the engagement of private sector entities within the context of LDCs, particularly the local private sector.	Currently approved projects under the MSME cover four countries, none of which are LDCs or SIDS, despite this having been one of the Request for Proposals criteria and aims (Chapter VII)	The GCF has identified possible actions relevant to averting, minimizing and addressing L&D. The lack of clear definitions and approach to financing remains a key obstacle for GCF programming and operations.

Source: Assessment of the COP and GCF Board decisions by the LDC evaluation team

[34] GCF/B.22/08 decides that the Secretariat may accept multiple-year readiness requests, allocating up to USD 3 million for three years, while committing no more than USD 1 million per country per year, which is in addition to the national adaptation plans and/or other adaptation planning processes allocation as referred to in paragraph (g) above and in accordance with decision B.13/09, paragraph (f).

B. Enhanced investments in adaptation for LDCs

40. **Finding 1(b): There is no established mechanism for the GCF's national adaptation plan (NAP) support through the readiness and preparatory support programme (RPSP) and adaptation project origination to ensure the adaptation allocation target will continue to be met. There is little evidence that existing national adaptation strategies and plans are systematically integrated with GCF's programming and operations in the LDCs.**

41. The GCF has supported investments in adaptation for LDCs through establishing a minimum floor allocation for adaptation in the most vulnerable countries. With the impacts of climate change increasing in frequency and intensity, implementing adaptation measures remain a key priority for LDCs to safeguard their populations and vulnerable societies. However, funding for adaptation action has been a key challenge for LDCs. Recognizing this challenge, the COP requested the GCF to enhance its funding for adaptation to achieve a balance between adaptation and mitigation. Article 9 of the Paris Agreement (as well as the GCF GI) highlights the importance of funding adaptation and states that the provision of financial resources should aim to achieve a balance between adaptation and mitigation, taking into account country driven strategies, and the priorities and needs of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as LDCs and SIDS, considering their need for public and grant-based resources for adaptation. In response to the COP guidance (Decision 9/CP.20), in 2014 the GCF Board decided to aim for a 50:50 balance allocation of funding between mitigation and adaptation.[36] It also aims for a floor of 50 per cent of the adaptation allocation (which would mean one quarter of the GCF's total resources) for particularly vulnerable countries, including LDCs, SIDS and African States (Decision B.06/06).[37] As of October 8, 2021, considering the single country project funding only, 43 per cent (USD 2.620 billion) of the total GCF financing (USD 6.081 billion) has been approved for adaptation financing, and 65 per cent (USD 1.696 billion) of the total adaptation financing has been approved for LDCs, SIDS and African States. This corresponds to 28 per cent of the total GCF financing, which compares favourably with the target of 25 per cent requested by the COP. In grant equivalence, 54 per cent (USD 2.404 billion) of the total GCF financing (USD 4.468 billion) has been approved for adaptation financing, and 67 per cent (USD 1.599 billion) of the total adaptation financing has been approved for LDCs, SIDS and African States. This corresponds to 36 per cent of total GCF financing, exceeding the COP's requested target.[38]

42. **GCF supports for the formulation and implementation of NAPs has been slow and NAPs are often not used to guide project identification and climate action in LDCs. Respondents highlighted how the linkage between these national plans and the GCF's country programming and operations is limited.** Support for the formulation and implementation of NAPs has been emphasized in several consecutive UNFCCC decisions.[39] As part of the responses set up under the UNFCCC to deal with the impacts of climate change, NAPs were established as a means

[36] This balance of funding is in grant equivalent terms.
[37] This balance of funding is also in grant equivalent terms.
[38] Including the multi-country project funding, 38 per cent (USD 3.771 billion) of the total GCF financing (USD 10.029 billion) has been approved for adaptation financing, and 62 per cent (USD 2.337 billion) of the total adaptation financing has been approved for LDCs, SIDS and African States. This corresponds to 23 per cent of the total GCF financing, which compares favourably with the target of 25 per cent requested by the COP. In grant equivalence, 48 per cent (USD 3.061 billion) of the total GCF financing (USD 6.327 billion) has been approved for adaptation financing, and 66 per cent (USD 2.005 billion) of the total adaptation financing (USD 3.061 billion) has been approved for LDCs, SIDS and African States. This corresponds to 32 per cent of the total GCF financing, which exceeds the COP's requested target.
[39] This is detailed in Annex 6, vol II of this report.

of identifying medium and long-term adaptation needs and developing and implementing strategies aimed at building resilience across economies, societies and ecosystems.[40] NAPs are critical in enabling planning and implementation of adaptation action at the national level. Established under the Cancun Adaptation Framework, NAPs hold considerable significance in the larger UNFCCC process. NAPs, developed and submitted to the UNFCCC by developing country Parties, serve as an entry point and a basis for the UNFCCC mechanisms as well as the GCF to meaningfully provide adaptation-related support, in a country driven manner, for developing countries. Further, NAPs may produce several outputs, including actions to fill capacity gaps in adaptation, which is critical for LDCs. For this reason, the COP has urged the GCF to promptly provide support needed for the formulation of NAPs of developing countries and for the subsequent implementation of the policies, projects and programmes identified by and within NAPs (COP Decision 1/CP.21, paragraph 46).[41]

43. As a response to this decision, the GCF Board (B.22/11) established a separate activity area under its RPSP to support the formulation of NAPs, and delegated authority to the Executive Director to approve up to USD 3 million to support the formulation of NAPs and other national planning processes, taking into consideration the UNFCCC NAP technical guidelines and the importance of coordination and complementarity with other NAP-related initiatives and support. In this respect, the GCF engages with relevant thematic bodies of UNFCCC, including the Expert Group on LDCs (LED - the LDCs' expert group), the Adaptation Committee and its NAP Task Force, in line with Decision B.13/11. In addition, the GCF Board also invited NDAs and focal points to collaborate with readiness delivery partners and accredited entities to submit requests for support to formulate their NAPs and/or other AP processes. Further, the annual meetings to enhance cooperation and coherence of engagement between the GCF and UNFCCC thematic bodies are held with participation of the co-chairs of those bodies. In addition, the GCF submits an annual report to the COP detailing the activities completed to enhance cooperation and coherence between the Fund and the thematic bodies of the UNFCCC, in response to the guidance received.

44. Despite the progress made, the limited pace through which NAPs are being developed, in general, remains a concern. The Parties to the UNFCCC have persistently called for expediting support to NAPs in several decisions under the Subsidiary Bodies (see Table III-1). The GCF has taken measures for improvement in this regard. For instance, the GCF has recently provided data on the status of project proposals for accessing funding for LDCs for formulating NAPs and/or other AP processes, per the request of the UNFCCC's Least Developed Countries Expert Group. However, progress has been slow. According to the Secretariat's recent data, as of August 31, 2021, of the 60 LDCs that qualify for GCF support, 24 LDCs have a NAP proposal approved with 14 further LDCs currently having a proposal in the GCF pipeline. The GCF Secretariat is currently working with 8 LDCs to submit a proposal.[42]

45. In the interviews and surveys conducted for this evaluation in 2021, respondents noted that the slow pace of proposal development, approvals and completion of NAPs is a concern for LDCs**.** While the GCF does support the formulation of NAPs through its RPSP, interviews with the Secretariat showed little evidence that the existing national strategies and plans of countries such as NAPs and NDCs are systematically integrated in the GCF's programming and operations cycle. From the operational perspective, respondents noted that these national planning tools and strategies, including iNDCs (intended NDCs), lack detailed and comprehensive sectoral considerations, which limit their utilization within the GCF context. Overall, respondents highlighted how the linkage

[40] See *https://unfccc.int/topics/adaptation-and-resilience/workstreams/national-adaptation-plans.*
[41] This guidance was also issued in COP decisions 1/CP.16 and 5/CP.17.
[42] The GCF held an outreach webinar in June 2021 to guide these (and wider) countries on how they can access GCF support for the formulation of NAPs or other AP processes.

between these national plans and the GCF's country programming and operations can be tightened. For example, Figure A – 13 and Figure A - 14 in Annex 1 (in Vol. II of this evaluation) illustrate the degree to which GCF projects correspond to an LDC's mitigation and adaptation foci as described in NDCs. Specifically, for mitigation, whilst LDC countries consider transport within their NDCs, the GCF has offered very limited funding to date for this results area. Surprisingly, a broadly similar but less extreme pattern can be seen for agriculture, forestry and land use. The alignment for adaptation priorities is much closer.

46. There is also little evidence within the GCF to assess the extent to which NAP implementation is taking place within LDCs. Another element of the COP guidance to the GCF that has received little attention so far relates to "the subsequent implementation of policies, projects and programmes identified by the NAPs"[43]. There has been limited GCF policy or guidelines, to date, to operationalize the decision related to NAP implementation. For example, the Secretariat has highlighted the importance of linkages to NAPs when countries and AEs develop CPs and funding proposals; however, there is no specific mechanism established under the GCF to support the implementation of NAPs. Development of a NAP is loosely defined across AP grants with a range of activities such as supporting a financing strategy, adaptation action plan or mainstreaming a communication plan all included. All AP grants mention some form of development, formulation or implementation of NAP as an outcome. However, none of the AP grants targeting LDCs specifies reporting to the UNFCCC as one of their main outcomes. That is, submission of a full NAP to the UNFCCC is not a main outcome of any of the GCF's AP grants in LDCs. While such submissions may be implied as one of the ultimate goals for the country beyond the grant, it is not a requirement for the completion of the grants. As of 2021, none of the LDCs that have received AP funding have developed a NAP (see Chapter V).

47. For most LDCs, NAP formulation is very much an ongoing process, and the GCF's support for this activity thus remains very relevant. However, to date, only 24 readiness grants have been approved for NAPs in LDCs, and even less have been disbursed (see Chapter V). According to the UNFCCC's NAP progress report 2021, as of October 8, 2021, only 26 developing countries had completed the preparation of their first NAP and had submitted them to NAP Central, and of these countries, only nine were LDCs. The Secretariat is working with LDCs that are yet to submit their proposals for NAP formulation and guide them on how they can access such support.

C. ENHANCE READINESS SUPPORT TO BUILD LDCS' INSTITUTIONAL CAPACITIES

48. **Finding 1(c): Access to GCF support remains cumbersome for the LDCs. In LDCs, which face significant structural barriers, this lack of access particularly disadvantages Direct Access Entities (DAEs).**

49. It is difficult for LDCs to access capacity development financing. Similarly, financing for capacity development does not address broader key conditions that affect countries' abilities for lasting climate action. COP guidance and Board decisions have aimed to address capacity challenges for vulnerable countries through accessing and receiving support for readiness. However, LDCs still face challenges in planning for, accessing and delivering climate finance, including in the development of good quality funding proposals and becoming accredited with climate funds. Efforts to improve such capacity, also referred to as "readiness," are specifically called for by the parties of the UNFCCC. For example, Decision 4/CP.19, 7/CP.20 and Article 9 of the Paris Agreement make

[43] Decision 1/CP.21, para. 46

calls for institutions serving the agreement (including the GCF) to ensure efficient access to financial resources though the SAP and enhanced readiness support for LDCs. 7/CP.20 paragraph 12 requests the GCF to accelerate the implementation of the RPSP ensuring that adequate resources are provided for its execution, in particular for LDCs. Paragraph 13 of the same decision encourages the timely implementation of the accreditation framework and requests the GCF to pay adequate attention to the needs and priorities of developing countries, particularly the LDCs.

50. The RPSP is the GCF's dedicated readiness financing arm for strengthening NDAs and DAEs and supporting them to undertake AP activities and develop CPs and pipelines. The Readiness Programme can provide up to USD 1 million per country per year for support related to institutional capacity building, coordination, policy and planning, and programming for investment. NDAs can benefit from the RPSP to design their GCF coordination mechanism, their no-objection procedures for country ownership, their CPs and their NAPs. The RPSP can also support DAEs to build their project pipelines before they access funding for project implementation. Further, NDAs/FPs may request up to USD 300,000 per year in direct support to help establish or strengthen NDAs or focal points to deliver on the Fund's requirements. A maximum of USD 100,000 can be used for NDA-led stakeholder meetings.

51. Significant challenges remain for LDCs to access GCF readiness funding. The COP recognized that accessing readiness support is particularly challenging for developing countries, particularly LDCs, SIDS and African States, due to limited capacities. In response, the COP requested the GCF Board to accelerate the implementation of the work programme on RPSP, ensuring that adequate resources are provided urgently to support developing countries, in particular LDCs, to build institutional capacities in accordance with Board decisions. Challenges include access issues such as the proposal template being complex and not user-friendly. The GCF Secretariat made a series of revisions to the RPSP proposal template from May 2014 to June 2017. A total of four revisions were made, with the fourth version in June 2017 incorporating the support for up to USD 3 million per country for the formulation of NAPs and/or other AP processes. While efforts have been made to ensure LDCs have access to readiness support, the process to apply for funding still remains challenging for LDCs (see Chapter VI). Beyond the challenges to LDCs stemming from GCF procedures, LDCs face broader development conditions and barriers that constrain their capacity for climate action, and which translate into risks for the sustainability of results of GCF support (Chapter V and Chapter VII).

D. SIMPLIFIED AND EFFICIENT APPLICATION AND APPROVAL PROCEDURES

52. **Finding 1(d): The GCF has attempted to simplify the process and shorten the time to access GCF finance and has not yet achieved these objectives to date.**

53. The COP has recognized the challenges LDCs face in accessing GCF resources and have called to simplify the project preparation process through the operationalization of the SAP. DAEs from LDCs face significant challenges in obtaining project approval through the full proposal process. Recognizing these challenges, the COP, through Article 9 of the Paris Agreement (Decision 1/CP.21 paragraph 64), urged institutions serving the agreement, including the GCF, to enhance coordination and delivery of resources to support country driven strategies through simplified and efficient application and approval processes for LDCs, SIDS and African States. In 2017, the GCF launched a pilot programme for an SAP. The SAP was established to assist developing countries, including LDCs, move quickly through the approval process with small, low risk projects by simplifying the project application process, including the development, review, approval and disbursement

procedures. Furthermore, USD 200 million was approved for the enhanced direct access pilot to enhance access by subnational, national and regional, public and private entities of the GCF.[44] Nonetheless, as documented in Chapter VI, the SAP has not led to a simpler or shorter process for accessing financing, and only one DAE operates in LDCs.

E. Accelerating private sector operationalization

54. Finding 1(e): The GCF's approach has had a limited contribution to the engagement of private sector entities within the context of LDCs, particularly the small and medium-sized enterprises and the local private sector. The GCF has not addressed this lack through accreditation efforts, including project-specific accreditation approaches.

55. In 2014, the GCF developed the accreditation framework and procedures for accrediting national, regional and international implementing entities as a way to manage and guide the accreditation process of the fund. Accredited entities are an essential part of the GCF business model in order to access funding. The fund recognizes that DAEs (which are country based or regional organizations) are important for promoting country ownership and contributing towards a low emission and climate resilient development trajectory. As such, one of the guiding principles of the GCF accreditation process is to facilitate capacity-building by providing readiness and preparatory support in cases where a lack of capacity to meet the DAE criteria is determined. The slow pace of accreditation of national and subnational DAEs in LDCs was reflected in COP guidance, through Decision 7/CP.20, to accelerate implementation of the accreditation framework, while at the same time, paying special attention to the priorities and needs of developing countries, including LDCs. The decision also called for the GCF to provide readiness support to national and regional entities that are eligible for fast tracking within the accreditation process.[47]

56. Turning to the second part of the COP decision relating to "paying special attention to the priorities and needs of developing countries, including LDCs"[45] support is provided only after the initial institutional assessment and completeness check that are required for all DAEs to comply with the criteria. Many potential DAEs, particularly those from LDCs, lack the institutional capacity to comply with the criteria and often give up the accreditation process early in the process. In a gesture that noted the limited resources available to LDCs, the Board decided to waive fees for basic fiduciary standards in accreditation for micro- and small-sized funding activities for LDCs (Decision B.08/04). This translates to USD 1,000 for the basic fiduciary standards for micro level of accreditation and USD 5,000 for the basic fiduciary standards for small project accreditation.[46] Subsequent to this, Board Decision B.14/08 gave national DAEs the highest priority for accreditation. This evaluation explores the role of readiness in supporting capacity building in Chapter V on country ownership and the remaining challenges in accrediting national entities in LDCs.

57. In Decision 7/CP.20, paragraph 9, the COP requested the GCF to accelerate the operationalization of the Private Sector Facility (PSF), with a focus on engaging local private sector actors, including small- and medium-sized enterprises in LDCs. In subsequent decisions, in 2015, the COP further requested the GCF to accelerate the operationalization of the PSF by ensuring greater private sector accreditation. The COP further reiterated the need to expedite action to engage local private sector actors and Micro, Small, and Medium Enterprises (MSMEs) in LDCs, SIDS and African States,

[44] Decision B.10/04, Annex I. See also Enhancing Direct Access - Guidelines for EDA Project Development with the Green Climate Fund, December 2020.
[45] Decision 7/CP.20, para. 13
[46] *https://www.greenclimate.fund/accreditation/process*

emphasizing a country driven approach. The GI of the GCF also stressed the importance of supporting activities to enable private sector involvement. In response to the COP guidance and the GI, the GCF Board established two pilot Request for Proposals (RfPs) programmes, targeting the private sector, as assessed by the recently completed rapid assessment of the Green Climate Fund’s Request for Proposals Modality (IEU, 2021a). Despite the GCF having the strongest private sector focus among the multilateral climate funds, in reality, the GCF’s private sector engagement is limited. As a result of these underlying factors, the GCF’s accredited entities still predominantly consist of publicly owned and/or funded international development banks (IEU, 2020a).

58. A noteworthy measure proposed in response to the COP guidance to accelerate private sector operationalization and engaging local private sector actors in LDCs was the “project-specific assessment approach” (PSAA) to accreditation. Initially, the proposal for a PSAA was for any project proposal submitted under the SAP and the Enhancing Direct Access (EDA), MSMEs and Moblizing Funds at Scale’s RfPs approved by the Board.[47] At this stage, concerns were raised regarding the PSAA’s impact on the accreditation model (both logistically and conceptually) and the possible devaluation of the accreditation modality (including antagonizing existing entities).[48] The development of the PSAA proposal was further elaborated at B.29 with a focus on solely one proposal and not three proposals per entity and allowing the consideration of a wider range of risk categories. Current revisions to the updated accreditation framework suggest that PSAA may take the form of a new pilot modality under the updated accreditation framework, with up to 10 projects per year open to all funding windows (PAP and SAP) with prioritization for DAEs and the private sector.

59. **The updating of the GCF Accreditation Framework offers an opportunity to clarify the scope of the PSAA and the degree to which DAEs will be able to participate through this approach.** The revision of the framework also offers an opportunity to consider the relationships between the Accreditation Panel, the Board and the Secretariat. Experience from the AF illustrates how early engagement between Board members and the members of the Accreditation Panel allowed greater efficiency within accreditation procedures without diluting any of the necessary standards and safeguards. Overall, private sector engagement in the GCF appears to be constrained, mostly due to four main factors: its reactive business model; the lack of private sector DAEs; the slowness in its project approval and legal assessment timelines; and the perceived lack of predictability in GCF project appraisal and the Board’s decision-making (IEU, 2019a). Chapter VII elaborates on these challenges.

[47] The PSAA was proposed by the Secretariat at B.19, following the Board’s request to provide recommendations for modalities to fast-track the accreditation of private sector entities, expressed in decision B.17/06. Specifically, decision B.19/13 extended accreditation priorities and led to the development of the PSAA through “requesting the Secretariat to further develop the approach… taking into account the views of Board members and as part of the proposals from the full review of the accreditation framework, for the Board’s consideration at its twentieth meeting.”

[48] The IEU’s Accreditation synthesis ((IEU, 2020a) highlighted that the GCF should articulate the main aims of the PSAA more clearly, consider lessons from other funds (and be aware of any risks from the PSAA channel) and ensure that sufficient human resources are available. Later, the IEU’s RfP evaluation (IEU, 2020a) highlighted how approving the PSAA approach would facilitate access to the GCF by new entities, in particular for entities that the GCF would like to target to improve direct access and the involvement of the private sector.

F. PROVIDE FINANCIAL RESOURCES FOR MINIMIZING AND ADDRESSING LOSS AND DAMAGE

60. **Finding 1(f): The GCF has identified some possible actions relevant to averting, minimizing and addressing loss and damage. Lack of clear definitions and approaches to financing remain key obstacles for GCF programming and operations.**

61. In 2019, the COP and the CMA[49] requested the GCF to continue to provide financial resources for activities relevant to averting, minimizing and addressing L&D in developing countries, consistent with the existing investment, results framework and funding windows and structures of the GCF, and to take into account the strategic workstreams of the five-year rolling workplan of the Executive Committee of the Warsaw International Mechanism for Loss and Damage Associated with Climate Change Impacts.[50] In its annual reports to the COP, the GCF has been reporting how some of its projects are supporting the three workstreams of WIM ExCom, which include: slow-onset events, non-economic losses and comprehensive risk management. There are also projects approved by the GCF that are consistent with the three WIM ExCom workstreams. [51]

62. The GCF has identified possible actions to address L&D under different programmes such as under the RPSP, and it supports countries implementing loss and damage-related activities by improving enabling conditions at the national level. The GCF has also highlighted how its RPSP supports related activities such as impact and vulnerability studies (to inform policy), data collection and analysis, development or amendment of policy and regulatory documents, capacity development of key institutions and strengthening social safety programmes. Likewise, the GCF's PPF provides support for the development of loss and damage-specific projects/programmes, or L&D components of broader projects/programmes.

63. However, neither the GCF's GI nor the Initial Strategic Plan explicitly mentions L&D, nor do they define L&D.[52] It was only recently that L&D came into the GCF's policy house with the Board's approval of the USP 2020-2023,[53] which states that the GCF will continue to provide and facilitate "efficient access to resources for activities relevant to averting, minimizing and addressing L&D" and collaborate with the UNFCCC and others to help conceptualize relevant investments. Access to finance for activities relevant to L&D, through the GCF, would have significant implications for long-term adaptation in the most vulnerable countries, such as LDCs and SIDS. At the same time, some respondents have questioned whether L&D can effectively be addressed through the GCF's existing adaptation window, when there is a general lack of clarity around the definition and approach to financing L&D and the GCF's role in it. Further COP guidance could provide additional clarity and direction, which could steer adjustments to the GCF's business model. We now move to Chapter IV on complementarity and coherence.

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[49] Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

[50] Readers are referred to B.14/08 where the Board prioritized accreditation of private sector entities and decision 7/CP.20, paragraph 9 where the COP requested the GCF to accelerate the operationalization of the PSF), with a focus on engaging local private sector actors, including small- and medium-sized enterprises in LDCs.

[51] The following is a non-exhaustive list of GCF projects serving WIM ExCom's three workstreams: *"Slow-onset events"*: FP003; FP066; FP084; FP112; FP113; SAP001; "*Non-economic losses"*: FP034; FP062; FP081; "*Comprehensive risk management"*: FP002; FP012; FP035; FP049; FP068; FP074; FP092; SAP007; SAP010; SAP011.

[52] IEU (2020c)

[53] *https://www.greenclimate.fund/document/updated-strategic-plan-green-climate-fund-2020-2023.*

Chapter IV. COHERENCE AND COMPLEMENTARITY OF THE GCF WITH OTHER CLIMATE FINANCE DELIVERY CHANNELS IN LDCS

CHAPTER SUMMARY

Efforts to improve complementarity and coherence with other climate funds is a priority for the GCF and holds particular importance for the approach taken at the national level for LDCs. Following UNFCCC guidance, the GCF adopted the GCF Operational Framework for Complementarity and Coherence in 2017. Recently, additional steps have been made to build synergies across funds at a strategic level, which hold promise for LDCs. Thus far, however, there has not been a systematic approach taken to define this at operational level. For the LDCs, there is a need for complementarity and coherence in national programming and also especially in GCF support programmes with other funds. Compared to other climate funds, the GCF places additional emphasis on country ownership and capacity building in the LDCs. This affects complementarity and coherence with other climate funds.

A. PROGRESS OF THE GCF IN FOSTERING COMPLEMENTARITY AND COHERENCE WITH OTHER FUNDS

64. **Finding 2(a): While the UNFCCC's guidance encourages coherence and steps to build synergies have been laid out, there is no systematic approach to coherence and complementarity. For the LDCs, there is a need to consider coherence and complementarity in national programming and especially the GCF's RPSP and project preparation facility (PPF) with other funds.**

65. In response to repeated encouragement from the UNFCCC COP to improve complementarity and coherence with other funds, the GCF Operational Framework for Complementarity and Coherence and other strategic documents have set out steps to build synergies more systematically. The GCF mandate for coherence and complementarity with other climate delivery channels is set out in the GCF GI, which establishes that *"The Fund shall operate in the context of appropriate arrangements between itself and other existing funds under the Convention, and between itself and other funds, entities, and channels of climate change financing outside the Fund"* (GI, para. 33).[54] In line with this mandate, the UNFCCC COP has issued decisions in 2014, 2015 and 2017 to encourage the GCF Board to improve complementarity and coherence with existing funds under the Convention and other relevant institutions. However, these decisions do not include any specific guidance for the enhancement of synergies in LDCs (see Table IV-1).

[54] GI, para. 34, says that the Board will develop methods to enhance complementarity between the activities of the Fund and the activities of other relevant bilateral, regional and global funding mechanisms and institutions, to better mobilize the full range of financial and technical capacities. The Fund will promote coherence in programming at the national level through appropriate mechanisms. The Fund will also initiate discussions on coherence in climate finance delivery with other relevant multilateral entities.

Table IV-1. UNFCCC COP decisions on GCF complementarity and coherence with other funds

Decision number	Year	Text
Decision 7/CP.20 paragraph 16	2014	"Requests the Green Climate Fund to enhance its collaboration with existing funds under the Convention and other climate relevant funds in order to enhance the complementarity and coherence of policies and programming at the national level"
Decision 7/CP.21, paragraph 26	2015	"Encourages the Board of the Green Climate Fund to improve complementarity and coherence with other institutions, per paragraphs 33 and 34 of the GI of the Green Climate Fund, including by engaging with relevant bodies of the Convention, such as the Standing Committee on Finance"
Decision 11/CP.23, paragraph 3	2017	"Requests the operating entities of the Financial Mechanism to continue to enhance complementarity and coherence"

66. In response to UNFCCC COP guidance, the GCF Board requested the Secretariat to prepare an operational framework on complementarity and coherence as a basis for the cooperation of the Board with the Standing Committee on Finance (Decision B.13/12, June 2016), [55] focusing on the following four pillars: Board level discussions on fund-to-fund arrangements; enhanced complementarity at the activity level; promotion of coherence at the national programming level; and complementarity at the level of delivery of climate finance through an established dialogue. Furthermore, it requested the co-chairs of the Board, with the support of the Secretariat, to initiate an annual dialogue with climate finance delivery channels, which has been taking place since 2018.

67. The GCF Operational Framework for Complementarity and Coherence, which outlines key outcomes for the 2017-2018 period for each of the pillars mentioned above, was adopted by the Board in July 2017 (Decision B17/04). While this framework is grounded in a comparative analysis of the business model of the GCF and other funds, including the Least Developed Countries Fund, it does not outline specific provisions for LDCs. Decision B17/04 also requested the GCF Secretariat to provide an annual update to the Board on the progress in the implementation of the Operational Framework starting in 2018, and to include these updates in the annual GCF reports to the COP. [56] According to the annual updates to the Board, synergies have been established with regard to increased dialogue, knowledge exchange and, to a lesser extent, coordination at different levels with the GEF, the AF and the Climate Investment Funds (CIF), with benefits for some LDCs. [57] [58]

68. More recently, additional guidance was provided by the USP of the GCF 2020-2023, which establishes the following foci for work under the framework. This guidance supports the NDC update process by translating national priorities into investment programmes, working to scale up successes and advance programming synergies with other climate funds and utilize opportunities for blended, parallel and sequenced finance to improve predictability of finance and impact. The guidance also outlines that GCF programming in specific sectors and geographies will complement other climate finance in a country driven manner and advance collaboration to synthesize knowledge and broaden dissemination (paragraph 12). This plan also identifies as a key action the development

[55] This GCF Board decision was welcomed by the UNFCCC COP (Decision 10/CP.22, paragraph 2n, 2016).
[56] An updated set of outcomes for 2019–2020 had to be adopted by the Board (see GCF/B.23/10 paragraph 138 and GCF/B.27/17, paragraph 163), but to date this has not happened.
[57] GCF/B.20/05, GCF/B.24/Inf.08, GCF/B27/Inf.12, GCF/B30/Inf.11

of sectoral guidance for the GCF's eight results areas to detail how the GCF can complement other sources of climate finance (paragraph 20a).

69. Recently, additional steps have been made to build synergies more systematically, including with LDCs:

- The report "Synergies between Climate Finance Mechanisms" published in 2020 by the CIF and the GCF identifies mechanisms to combine initiatives (both sequentially and in parallel), synergies and their drivers, as well as challenges and avenues to explore, based on five case studies including Cambodia, an LDC.
- The "Update on strategic discussion on objectives and further steps of the Fund: potential linkages between the Fund and the Green Climate Fund", presented to the AF Board in April 2021, reports on the ongoing development of a structured approach to provide countries with incentives and benefits to scale up successful smaller projects funded by one fund with resources from the other fund (such as scaling up AF projects with GCF resources).
- The "Long-term vision on complementarity, coherence, and collaboration between the Green Climate Fund and the Global Environment Facility", presented both at the sixtieth GEF Council Meeting in May 2021 and at the twenty-ninth GCF Board Meeting in July 2021, builds on the early results of the Pilot Coordinated Engagement launched in June 2018, and proposes a joint LDC-focused initiative among other areas of collaboration.
- Finally, the joint statement "Supporting developing countries on the road to a climate resilient recovery from the COVID-19 pandemic", issued in July 2021 by the GCF, the GEF, the Least Developed Countries Fund (LDCF), the Special Climate Change Fund, the AF and the CIF, seeks to step up collaboration in five priority areas, which include setting up flagship initiatives to support innovation, climate resilience, and economic recovery, which could be of particular relevance to LDCs.

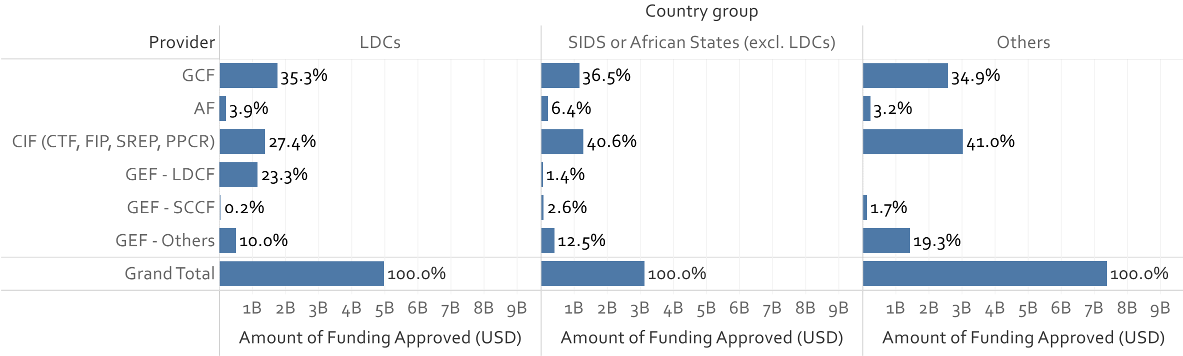
B. Interactions with other climate funds in the LDC portfolio

70. The GCF's perceived comparative advantage within the climate landscape and within LDCs is to provide funding at scale. Currently, compared with other multilateral climate funds' support to LDCs, the GCF provides the largest amount of approved funding but a smaller share to LDCs at 17 per cent of overall funding.

71. Over the years, the GCF's share of the overall global climate finance to LDCs has been small but has increased steadily, from 0.62 per cent in 2015 to 1.96 per cent[59] in 2019 (Figure A – 17 in Vol. II of this evaluation). When compared to individual climate funds , the GCF has the largest share of approved funding (35.3%) in LDCs, followed by the CIF and the GEF's LDCF (Figure IV-1). Figure IV-2 below maps the landscape of climate finance in LDCs.

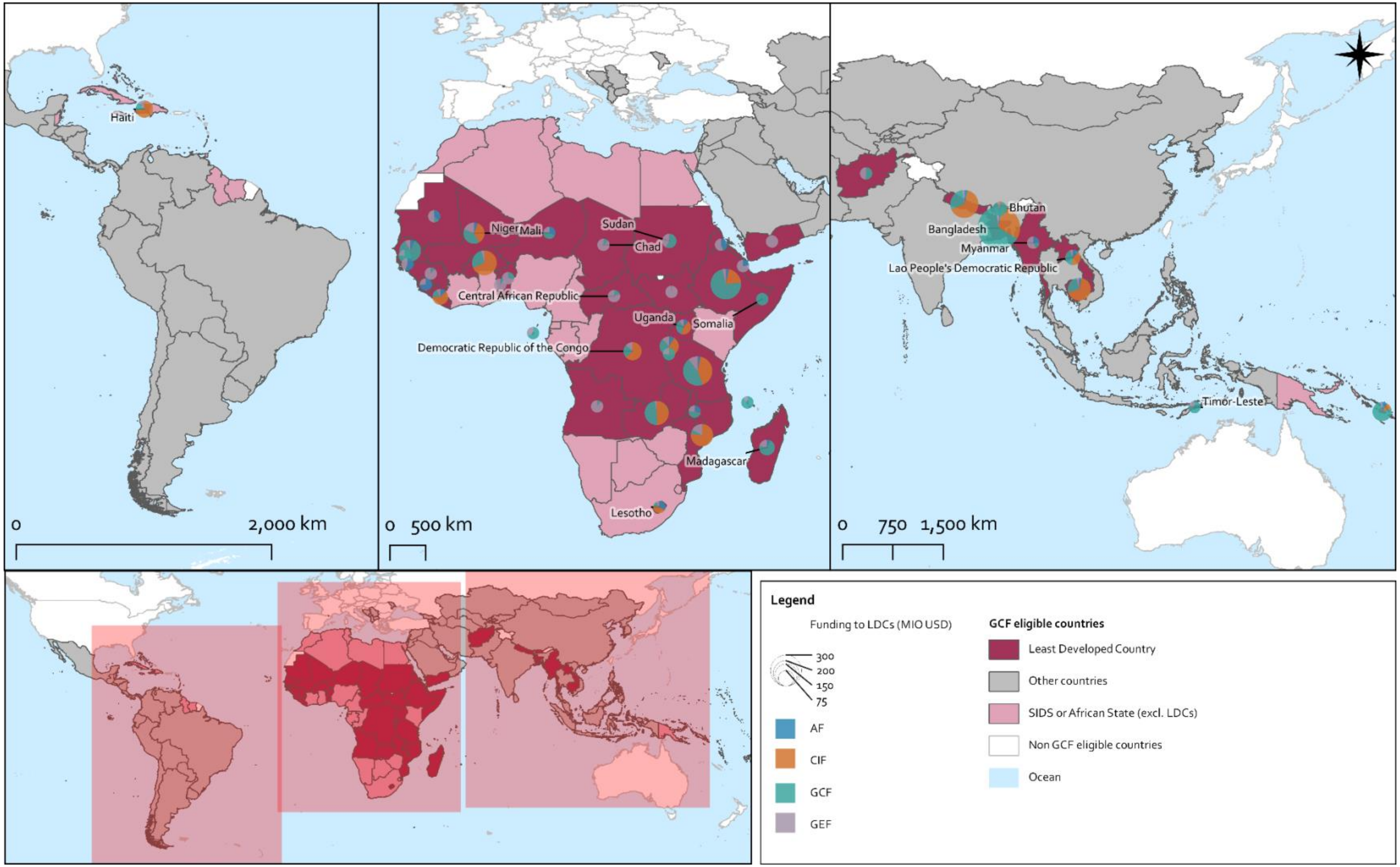
[59] Compared to all other bilateral providers, multilateral development banks, multilateral climate funds and private donors and only taking into account single-country projects; OECD climate-related development finance, 2015-2019.

Figure IV-1. GCF approved funding compared to other funds (USD) by country grouping



Source: Climate Funds Update (March 2021), as analysed by the IEU DataLab.

Figure IV-2. Presence of climate funds in LDCs



Source: Climate Funds Update (March 2021) and Climate Investments Fund, November 2020, analysed by the IEU DataLab.

72. **Complementarities at the LDC portfolio level are increasing, but they are not systematically coordinated or tracked. Different LDCs illustrate varying degrees of complementarity with other multilateral climate funds.** There are examples of complementarities in readiness activities in LDCs. Yet there is no clear articulation of the GCF's demonstrated niche in supporting LDCs or a systematic record of the interactions with other funds at the country level. This points to an opportunity to adopt a more systematic approach that could be expanded across LDCs to better address their urgent needs. Out of 77 GCF projects in LDCs, only four are reported to be co-financed by either the CIF or the GEF.[60] These include two multi-country projects[61]: the Programme for integrated development and adaptation to climate change in the Niger Basin (FP092)[62], with both CIF and GEF co-financing, and Sustainable Energy Facility for the Eastern Caribbean (FP020), also with both CIF and GEF co-financing. The two single country projects with co-financing from other funds are Scaling Smart, Solar, Energy Access Microgrids in Haiti (SAP013) with USD 8 million in co-financing from the CIF through the Scaling Up Renewable Energy Program (SREP), and Bhutan for Life (FP050), with co-finance provided by the GEF. There is currently no project that receives co-financing from the AF. The breakdown of co-financing from the GEF and CIF is shown in Figure IV-3.

Figure IV-3. Projects with co-financing from the GEF and the CIF

Source: GCF IPMS Projects data (October 8, 2021); IEU DataLab's extractions from funding proposals (October 8, 2021)

73. Despite limited co-financing, interactions with other funds in the LDC portfolio have been increasing. Of the 77 approved projects in LDCs, 26 (34 per cent) have some form of interaction with the GEF, the AF or the CIF, as they either build upon, complement, glean lessons learned or scale up projects supported by these funds; this percentage is similar for the whole GCF portfolio (32 per cent).[63] Over time, the portion of approved projects with interactions has increased; shifting

[60] IEU DataLab's extractions from funding proposals (October 8, 2021). The evaluation recognizes that co-financing is only one option for coherence and complementarity.
[61] FP147, Enhancing Climate Information and Knowledge Services for resilience in five island countries of the Pacific Ocean, which was approved in 2020 and not yet under implementation and whose LDC expected to participate is Tuvalu, also has USD 1 million of expected financing through an active GEF project. However, in its funding proposal, this GEF-funded project is listed not as co-financing but "parallel financing". The GCF does not include this as part of the co-financing, and hence the project is excluded from our analysis here.
[62] Approved in 2018 and not yet under implementation. LDCs expected to participate are Benin, Burkina Faso, Chad, Guinea, Mali and Niger.
[63] IEU DataLab's extractions from funding proposals (October 8, 2021).

from 25 per cent of those approved for LDCs in 2015 to 33 per cent in 2020 (see Figure A - 10 in Annex 1, Vol. II of this evaluation). These interactions have mainly occurred with the GEF and to a lesser extent with the CIF or the AF. While no information is available at the portfolio level on what kind of interactions are taking place, and at what stage of the project cycle, the annual reports to the GCF Board on complementarity and coherence, issued since 2018, seem to indicate that most interactions in LDCs consist of building on lessons learned from earlier projects.[64]

74. **Case studies completed for this evaluation largely show that complementarities and coherence are not systematically built and pursued in LDCs, and that many opportunities for synergies remain untapped.** In **Haiti**, for example, the two approved projects have both coordinated with other climate funds. Scaling Smart, Solar, Energy Access Microgrids in Haiti (SAP013) expects to receive co-financing from the SREP (see above), as it fits in their Investment Plan for Haiti and complements their investments in renewable energy. Moreover, executing entity for SAP013 has previously collaborated with the SREP and currently operates two clean energy microgrids in Haiti. The pioneering work of this executing entity, resulting in 10 years of experience, is expected to be beneficial to the project and should allow SAP013 to scale the microgrid work from two to 24 clean energy grids. In addition, the multi-country project Global Subnational Climate Fund (FP151-152), which also includes Cambodia, has interactions with the GEF, but the project has yet to make any disbursements in these countries and specific complementarities are unclear.

75. In **Ethiopia**, the situation is more mixed. One of the country's two approved projects, namely Resilient Landscapes and Livelihoods Project (FP0136),[65] has drawn extensively from the practical experiences and lessons from previous projects, including GEF projects. The interviews, however, indicate that while there are opportunities for more interaction, especially with the AF in the agricultural sector, there is no expected shared output or any other cooperation taking place. Likewise, in the Pacific LDCs, only one out of five projects show some degree of complementarity, namely the above-mentioned multi-country project Enhancing Climate Information and Knowledge Services for resilience in five island countries of the Pacific Ocean (FP147), expected to be implemented in Tuvalu with parallel financing from the GEF (see above).

76. In **Togo**, no interactions are reported with other funds despite a crowded climate finance environment, with more than 30 funds active in the country, and USD 78 million in approved funding from the AF, the GEF and the LDCF alone. This is partly due to the fact that the GCF Country Programme, approved in 2018, did not focus directly on building synergies with other funds, thus resulting in missed opportunities. However, Togo has made some efforts to strengthen regional collaboration by nominating three organizations for accreditation as DAEs. In addition, Togo has participated in an informal network with Senegal and Djibouti in addition to liaising with country focal points in the region in order to exchange information. Such exchanges have reduced in frequency due to the COVID-19 pandemic and turnover in focal points. No interactions with other funds were identified for the two approved GCF projects in Malawi.[66]

77. The varying levels of interaction with other funds in the LDCs portfolio seem to be linked with a case-by-case approach to building complementarities. To foster complementarities between the GCF and other climate funds at the portfolio level, in 2019 the GCF Secretariat revised the funding

[64] These reports include nine projects with interactions in LDCs, all of which have adopted lessons learned from previous projects: Senegal (FP003 and FP049); Bhutan (FP050 and FP107); Zambia (FP072); Timor-Leste (FP109); Benin (SAP005); Lao People's Democratic Republic (SAP009); Sudan (FP139). See: GCF/B.20/05, GCF/B.24/Inf.08, GCF/B27/Inf.12, GCF/B30/Inf.11.
[65] Approved in 2020 and not yet under implementation.
[66] When it comes to complementarity or coherence with the other climate funds, one needs to assess these aspects over broader country strategies or development plans in addition to the project-level interactions assessed here.

proposal template to request that AEs indicate whether the proposed activities complement other climate funding and provide further details on these interlinkages.[67] Interviews also indicate that, when assessing funding proposals, the GCF Secretariat reviews whether these duplicate or are complementary with projects from other funds, either approved or in the pipeline. This is in line with the GCF Programming Manual issued in 2020 (GCF, 2020a).

78. Additional efforts have focused on programming, with the GCF Programming Manual establishing that CPs should set out a financial strategy to implement national climate priorities, including through complementarity and coherence with other multilateral climate funds. This manual establishes that, when reviewing CPs and entity work programmes (EWPs), the GCF Secretariat should assess opportunities to promote complementarity and coherence. In line with this guidance, in 2021 the GCF Secretariat reported engagement with six countries, including LDCs Afghanistan and Bhutan, to enhance complementarity and coherence in CPs, as well as having provided feedback to EWPs on this matter.[68] A more proactive approach has been taken on an ad hoc basis, for example to explore synergies with the CIFs in 2019 in several LDCs.[69] While these measures are appropriate, they have yet to be replicated systematically across LDCs.

79. **No systematic record of the interactions of readiness and PPF grants with other funds is available.** This is an important information gap as a number of funds are providing readiness funding in LDCs. However, in its report to the COP in 2018, the Secretariat indicated cooperating with other funds to create a process to systematically exchange information through periodic virtual meetings.[70] Such cooperation seems to have resulted in some synergies in LDCs, as illustrated by the following examples:[71]

80. In 2019, it was reported that in Malawi, a GCF readiness proposal is building on a LDCF project, ADAPT-Plan, supporting capacity development on monitoring at the district and national level, in addition to having linkages with two additional LDCF and GEF projects on early warning systems.

81. In 2020, it was reported that in Bangladesh, the Food and Agriculture Organization is implementing a GCF readiness grant in parallel with a GEF project under the Capacity-Building Initiative for Transparency.

82. In Lao PDR, GCF readiness support informed a proposal to the LDCF on climate smart agriculture that was later approved and is expected to contribute to ongoing GCF investments.

83. Regarding project preparation support, in 2018 the Secretariat reported having engaged bilaterally and through conference calls with other funds to discuss issues related to support for the preparation of projects and programmes.[72] Due to the lack of data, it is unclear if and how many interactions are taking place and if these efforts have resulted in enhanced complementarity in LDCs. The country case studies did not encounter any interactions of readiness and PPF grants with other funds (although interviews highlighted how Togo is pursuing regional forms of collaboration).

84. **Key opportunities to build complementarity and coherence can support broader efforts at long-term planning.** The findings presented in this chapter point to the opportunity for the GCF to adopt a more systematic approach that could be expanded across the LDCs to ensure joint long-term

[67] GCF/B.24/Inf.08. See also https://www.greenclimate.fund/document/funding-proposal-template.
[68] GCF/B30/Inf.11
[69] GCF/B.24/Inf.08
[70] GCF/B.20/15, Seventh Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change.
[71] GCF/B27/Inf.12; GCF/B30/Inf.11; Long-term vision on complementarity, coherence and collaboration between the GCF and the GEF (2021).
[72] GCF/B.20/05

planning with other funds to address the vulnerabilities and key priorities set by each country.[73] The recent steps taken by the GCF, GEF, AF and CIF to formalize synergies might provide a framework for these efforts.

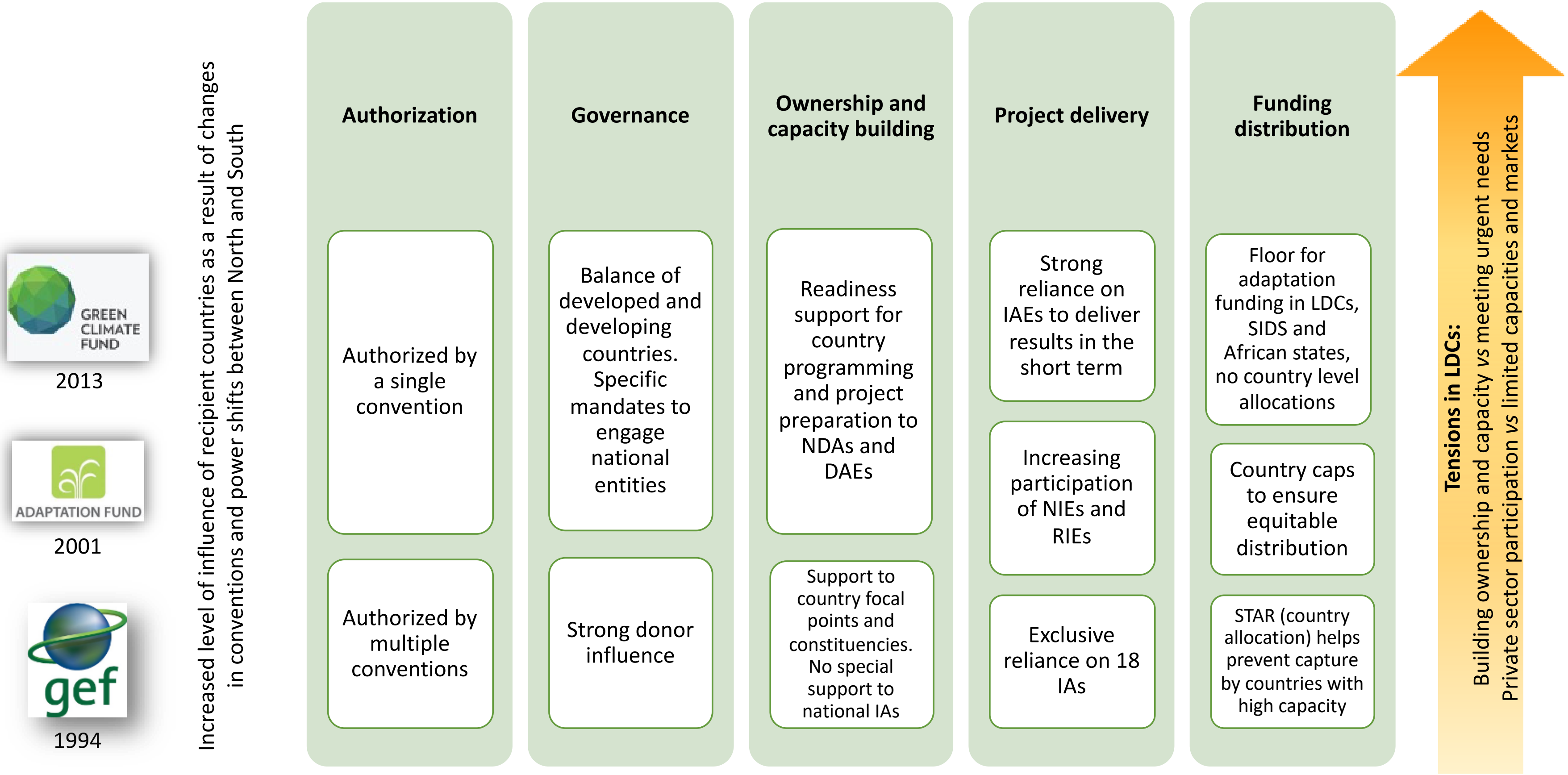
C. The value added of the GCF business model in LDCs

85. **Finding 2(b): Compared to other climate funds, the GCF places additional emphasis on country ownership and capacity building in the LDCs. This affects complementarity and coherence with other climate funds.**

86. While the GI of the GCF emphasizes support to the most vulnerable countries to access climate finance, including LDCs, the GCF faces tension between building country capacities (a long-term process) and meeting the urgent needs of LDCs through IAEs. The main value added of the GCF in LDCs is to provide funding at scale, with a balance between mitigation and adaptation. However, this potential remains largely untapped due to the operational challenges faced by the GCF to meet the urgent needs of LDCs. As shown in Figure IV-4, the GCF's business model is a product of the increased influence of recipient countries in the global climate change arena and capitalizes on the experience of the AF and the GEF by adopting innovations or trying to provide novel responses to the challenges they have faced.

[73] IIED (2020c)

Figure IV-4. Main similarities and differences in the GCF, AF and GEF business models



Source: LDCs evaluation team
Note: Authorization in this figure refers to acting as an operating entity of the financial mechanism to one or more conventions. The terms North and South in this figure refer to developed and developing countries, respectively.

87. This is reflected in the business model adopted by the GCF to embed this emphasis in its governance structure, funding allocation and project delivery (see Table IV-2):

- **Governance.** The GCF Board alongside the AF has equal representation by recipient and donor countries, and currently includes five representatives from LDCs (across members and alternates). In contrast, donors still retain considerable control over replenishment programming in the GEF despite equal representation in the GEF Council.
- **Allocation.** While the GCF works on a first-come, first-served basis, it has set a floor of 50 per cent of the adaptation allocation for LDCs, SIDS and African countries. The AF and the GEF, instead, have opted to ensure equitable allocation, either with funding caps for countries (USD 20 million) and agencies (50 per cent for multilateral agencies) in the case of the AF, or with a country allocation system such as the GEF System for Transparent Allocation of Resources, which includes a higher allocation floor for LDCs (GEF 2018). The GEF, which has a stronger focus on mitigation in high-emitting countries, also provides targeted support to adaptation in LDCs through the LDCF.[74]
- **Project delivery.** The GCF business model includes both international and direct access channels.[75] Respondents for this evaluation highlighted how the GCF has adopted the direct access approach which was first pioneered by the AF through an accreditation process tailored to the project size, risk and fiduciary standards. As of October 8, 2021, the GCF has accredited 72 DAEs (15 regional and 57 national), which represent 64 per cent of AEs and had approved USD 2.037 billion in funding for DAEs. Fourteen of these are national entities from LDCs. This is a key difference with the GEF's business model which focuses on a limited number of high-capacity agencies and has only included two national agencies from major developing countries namely, China and Brazil in recent years.

Table IV-2. Comparison of LDC-specific provisions across climate funds under the UNFCCC[76]

	GCF	AF	GEF	LDCF (GEF)
Mandate	As operating entities of the Financial Mechanism of the UNFCCC, they shall aim to ensure efficient access to financial resources through simplified approval procedures and enhanced readiness support for developing country Parties, in particular for the LDCs and SIDS in the context of their national climate strategies and plans (Paris Agreement, Article 9, Para. 9)			
Purpose	Provide support to developing countries, taking into account the needs of those that are particularly vulnerable to the adverse effects of climate change (including LDCs)	Finance concrete adaptation projects and programmes in developing countries that are Parties to the Kyoto Protocol and are particularly vulnerable to the adverse effects of climate change	No reference to LDCs or particularly vulnerable countries	Support the LDCs work programme under the UNFCCC, including the preparation and implementation of national adaptation programmes of action (NAPAs)

[74] The Special Climate Change Fund complements the LDCF by focusing on providing support to non-LDCs.
[75] GI, paras. 47 and 48.
[76] A further important comparator across climate funds is their approach to readiness.

	GCF	AF	GEF	LDCF (GEF)
Governance	GCF Board: 24 members representing Parties (50% developing countries), one member and alternate member for LDCs	AF Board: 16 members representing Parties (69% developing countries), one LDCs representative	GEF/LDCF Council: 32 members appointed by constituencies (16 developing countries, 14 developed countries and two in transition)	
Allocation	Floor of 50% of the adaptation allocation for LDCs, SIDS and African countries	USD 20 million funding cap per country 50% funding cap for multilateral agencies	System for Transparent Allocation of Resources, higher floor for LDCs	Each LDC can draw up to USD 10 million in LDCF resources towards the USD 50 million cumulative ceiling during the GEF-7 period
Project delivery	International access and direct access for national entities (including LDCs)		18 Implementing Agencies, including two national agencies	

Source: LDCs evaluation team

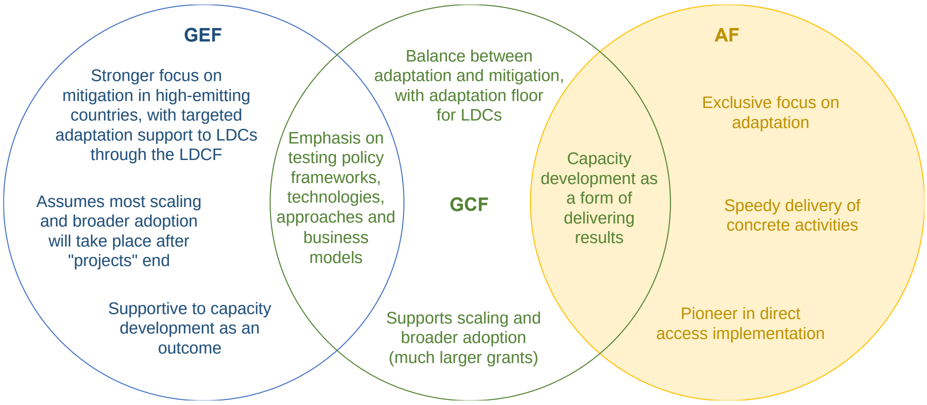
88. **The RPSP and PPF represent a substantial investment in capacity building for accessing climate finance.** The GCF has the largest Readiness Programme with a budget of USD 126.73 million in 2021 with an additional USD 6 million for the PPF. In comparison, the AF has a readiness budget of USD 652,960 (which is low even accounting for the smaller scale of operations) and the GEF-7 allocation to its Country Support Programme, which mainly focuses on information sharing and dialogue, has a budget of USD 21 million over four years (USD 5.25 million/year on average). The GCF is expected, in the longer term, to help LDCs strengthen their capacities to access and "own" climate finance. However, tension lies in the need for urgent support in these countries, which so far has mostly been met by IAEs. Lack of coordination across funds and poor tracking of the use, the results and the lessons of the GCF support to capacity building results in duplication without necessarily addressing key capacity needs (see Chapter VI).

89. In addition to being the largest provider of readiness finance, the main added value of the GCF is to provide funding at scale, with a balance between mitigation and adaptation. A comparative analysis of the GCF, GEF and AF business models shows that the GCF business model converges with that of the AF in its focus on capacity development but provides it at a much larger scale both for mitigation and adaptation (see Figure IV-5). Likewise, the GCF shares with the GEF the emphasis on testing intervention models and approaches but is better positioned to support scaling and broader adoption through larger grants (Tango International, 2018).[77] Stakeholders interviewed for this evaluation agree that the main value of the GCF in LDCs is its large financial capacity, which is expected to support transformative impact and scaling up of previous successful projects of other funds. Several stakeholders also consider direct access, which is of particular importance in LDCs, as a further way the GCF adds value. Direct access can provide country ownership and capacity

[77] For example, in 2017, the average size of a GCF project was USD 42.2 million, much larger than the GEF (6.7), the AF (6.5) and the LDCF (4.5).

development, thus reducing the dependence on international entities. Finally, some stakeholders value the wide range of financial instruments offered by the GCF and its emphasis on addressing all aspects of climate action.

Figure IV-5. Main complementarities and overlaps of the GCF, AF and GEF in LDCs support



Source: LDCs evaluation team

90. While the GCF business model largely draws on the experiences of other funds and taps on the expertise of IAEs, it still has a lot to learn in terms of streamlining operations in LDCs and in supporting climate action under conditions that are prevalent in some of these countries, such as acute human resource constraints, limited capacities and conflict and fragility. For example, one respondent interviewed for this evaluation highlighted how fragmented projects and processes could be overcome by institutional incentives to ensure harmonization of certain functions, such as monitoring and evaluation (M&E) procedures. Complicated requirements and lengthy revision processes constitute a barrier for rapid access to funding.[78] In addition, LDCs face additional challenges to accredit DAEs (especially for large-size projects) and to use the wide range of financial instruments offered by the GCF, whose potential remains under-utilized. Overall, coherence and complementarity can be seen as the other side of the coin as supporting country ownership. In other words, donor agencies need to get their own house in order so that support for capacity building and country ownership in the most vulnerable countries can be as effective as possible.

[78] Comparative data on the duration of approval processes for LDCs with different funds are not available. The Overall Evaluation of the AF reports that, by 2017, the average number of months for project approval was between 18 and 22 at the GEF, 19 at the LDCF and between 8.1 and 12.6 at the AF. In comparison, it takes 37 months on average for GCF single-country projects to be approved in LDCs and 22 months for multi-country projects (GCF IEU Data Lab, GCF IPMS Projects data, March 2021).

Chapter V. COUNTRY OWNERSHIP AND CAPACITY DEVELOPMENT IN LDCS

CHAPTER SUMMARY

In LDCs, contextual challenges and structural limitations make it particularly costly and challenging for LDCs to "own" GCF country processes, in spite of efforts at the GCF Board level to streamline capacity building and prioritize accreditation of national entities. LDCs face obstacles accessing GCF support and ensuring accreditation of national entities which compromises the potential for full country ownership. On average, USD 0.95 million is approved for RPSP in the LDCs, which is less compared to other country groupings. Disbursement of RPSP funding is low, despite most grants being delivered through international entities. The extent to which readiness support builds capacity of national institutions in LDCs is not systematically tracked. LDCs have only 14 national DAEs, and most are accredited to implement low-risk and micro and small projects. DAEs in LDCs find it difficult to meet accreditation standards and require more time and support to enhance the necessary technical and institutional capacities. On average, it takes national direct access candidates from LDCs 688 days to be accredited. The GCF lacks mechanisms and incentives to engage IAEs in capacity development of DAEs in the LDCs. Country programmes are not fully incorporated into the GCF business model, and there is limited use of them for GCF programming in the LDCs. The GCF lacks tools to track and inform on local and traditional knowledge being used in projects. Projects in LDCs comply with the gender policy, including gender action plans. But the quality and depth of gender assessments and reporting vary, making tracking of gendered outcomes and impacts hard. The current approach to knowledge management is not based on a framework and does not provide opportunities for dialogue and learning, in particular in implementation across the actors in the LDCs.

A. GCF BUSINESS MODEL SUPPORT FOR COUNTRY OWNERSHIP IN LDCS

91. **Finding 3(a): Multiple structural barriers and procedural bottlenecks limit the role of national designated authorities (NDAs), and access of countries to resources to enhance their capacity in the LDCs. Current attributes of country ownership, i.e. the no-objection procedure and DAEs, are insufficient to guarantee ownership in the LDCs, particularly for multi-country projects.**

92. The GCF business model assigns the NDA a central role in ensuring project alignment with country needs, priorities, as well as country ownership. Part of this engagement includes developing a country programme. NDAs in LDCs often find themselves in a challenging cycle where structural constraints limit their ability to access resources to increase their capacity to carry out their assigned role. Also, tools provided by the GCF to NDAs, such as support to develop the country programme, are often insufficient to ensure country ownership.[79]

93. The NDA is responsible for ensuring consistency with national strategies and plans and for serving as the gatekeepers for engagement with the GCF and lead for all GCF interventions. Country ownership or a "country driven approach" is both a guiding principle and an operational modality of

[79] In line with UNFCCC COP guidance, the GCF supports country ownership by working through National Designated Authorities (NDAs) (IEU, 2019b).

the GCF. [80] [81] This coordinating role includes submitting proposals for readiness support and the development of CPs to drive investment planning.

94. Although the no-objection letter (NoL) [82] is a built-in step to support country ownership, it does not guarantee country ownership or involvement in GCF projects. Country involvement after the NoL is particularly inconsistent for multi-country programmes. The GCF requires a transparent no-objection procedure to be conducted through NDAs as a condition for approval of all funding proposals submitted to the Fund. Interviews with NDAs from LDCs suggest that after the NoL, there is not a consistent approach to communication between the GCF Secretariat, the NDA and the AE. For single country projects implemented by IAEs, projects are implicitly aligned to country NDCs or NAPs and other government strategies but these are not perceived to be country owned. After the NoL, project management decisions are often owned and managed by the IAE with a hands-off approach from the country government unless a ministry or state-related agency is included as an executing entity. As a consequence, NDAs can harbour unrealistic expectations for the timeliness and level of project support. Evidence suggests that country ownership is particularly challenging in multi-country projects with private sector entities. Of the overall PSF portfolio, only 25 per cent is committed to either SIDS or LDCs – and 54 per cent is committed through multi-country projects. One NDA respondent explained their view on multi-country projects in the following manner:

> As for multi-country projects, it is a fiasco, as the countries are not involved in implementation. It will be necessary to review the composition of the participating countries and prioritize the countries belonging to a common geographical space instead of including countries from Africa, Europe, Asia and others in a single project. Ultimately, only a few countries will benefit.

95. NDAs reported that they are often unaware of the status, progress, expected level of funding or substantive activities for multi-country projects after the NoL is signed. This undermines country ownership. The list of countries included in multi-country projects is the product of casting a wide net to include many countries where the project may be implemented. Best practices in this regard are for IAEs to establish project communication platforms for involved countries to keep NDAs abreast of project developments. However, this is not yet mandatory for GCF's multi-country projects.

B. LDCs' CAPACITY TO ACCESS READINESS FUNDING

96. **Structural constraints limit the ability of NDAs in LDCs to carry out their assigned roles and to access resources to increase their technical and institutional capacity. LDCs encounter multiple structural barriers and procedural bottlenecks in preparing RPSP proposals making**

[80] The GCF Secretariat considers country ownership as the measure through which countries, through meaningful engagement, including consultation with relevant national, local, community-level, and private sector stakeholders, can demonstrate ownership of, and commitment to, efforts to mitigate and adapt to climate change. https://www.greenclimate.fund/document/guidelines-enhanced-country-ownership-and-country-drivenness. Country Ownership is referenced once in the GCF's GI with respect to Board consideration to "further enhance direct access, including through funding entities with a view to enhancing country ownership of projects and programmes."

[81] The Board further adopted guidelines for enhanced country ownership and country drivenness (GCF document B.17/14) that describe the central role of NDAs in the project cycle. The IEU's CO evaluation offers a full overview country ownership in terms of: i) Countries leading and strategic processes to identify GCF investments while ensuring alignment with national and other policies, and undertaking meaningful consultation through participatory processes with stakeholders; ii) Countries having institutional capacity to plan, manage and implement activities that address GCF objectives; and iii) The GCF and countries sharing responsibilities and accountability for planning, delivering and reporting on GCF investments.

[82] The no-objection letter (NoL) is a letter signed and issued by the GCF NDA or a focal point official representative pursuant to the GCF no-objection procedure, adopted in Decision B.08/10, Annex XII.GCF/B.24/13, November 1, 2019.

the process longer and more resource intensive for LDCs than for non-LDCs. Countries with higher capacity are more able to access GCF readiness funding, and countries with lower capacities find it more difficult.[83] In the GCF, readiness proposals are assessed against 12 appraisal criteria which are challenging for countries with capacity limitations. Limited human resource capacity, governance, structural barriers, the type and positioning of the NDA and the language used for GCF processes can all present barriers to accessing GCF readiness funding, as shown in Table V-1.[84]

Table V-1. Readiness appraisal criteria and key challenges for least developed countries

Readiness appraisal criteria	Key challenges for LDCs to access readiness		Enabling factors and critical limitations
	Capacity	Structural	
Country ownership	✓		Staffing capacity for proposal and impact planning
Theory of Change	✓		Technical capacity for development of ToC
Avoidance of duplication of effort	✓	✓	Availability of collaborative platforms
Gender considerations	✓		Availability of in-house gender expertise and/or gender data
Private sector investment strategy	✓	✓	Presence of active private sector
Monitoring and evaluation	✓		Capacity, resourcing and systems for M&E
Complementarity with other funds	✓		Channels for communication between focal points
Stakeholder engagement		✓	Access to beneficiaries, mechanisms for community consultation
Plan to address specific vulnerabilities and climate impacts	✓	✓	Availability of risk mapping, climate data
Adaptation financing strategy	✓	✓	Pipeline of project ideas and funding sources
Budget and procurement	✓	✓	Ability to prioritize budget needs in a high-needs context

[83] Other evaluations of climate funds have found that high national capacity is a prerequisite for accessing climate financing. For example, see https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.E_C60_03_Country_support_program_evaluation.pdf

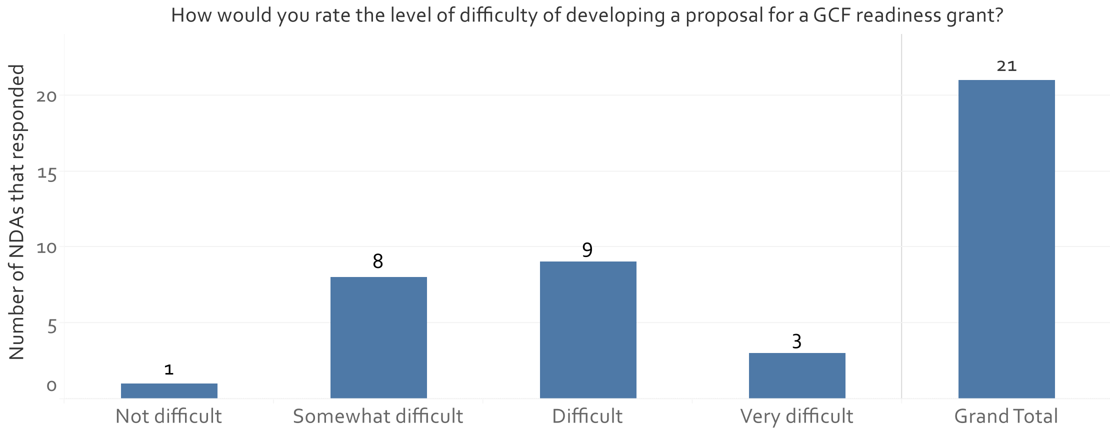
[84] For example, the type and positioning of NDA within government is a determining factor. In non-LDCs, the NDA is more consistently situated within the Ministry of Finance (or Ministry of Economy/Planning) rather than the Ministry of Environment (or Ministry of Sustainable Development). The Ministry of Environment is the NDA in 64 per cent of LDCs as compared to only 58 per cent of non-LDCs. Human capacity is also a determinant. As a group, NDAs from LDCs generally have few staff managing GCF engagement and have to manage frequent turnover. Amongst the NDAs surveyed, 95 per cent of NDAs reported that they had less than 10 members of their organization that are responsible for regular engagement with the GCF's activities and the majority 63 per cent (15 out of 22) respondents to the NDA survey reported that they had 5 or fewer personnel in place to engage with GCF activities. To a lesser degree, language is also a factor for LDCs. The GCF uses English for all of its documents and templates. In Francophone and Lusophone countries the use of English is an added task where most national stakeholders are not able to function as effectively or efficiently in English. Evidence from this evaluation suggests that this is not necessarily a systemic barrier, but it introduces additional translation (and subsequently transaction) costs.

READINESS APPRAISAL CRITERIA	KEY CHALLENGES FOR LDCS TO ACCESS READINESS		ENABLING FACTORS AND CRITICAL LIMITATIONS
	Capacity	Structural	
Results based management	✓	✓	Technical capacity for results based management

Source: LDCs evaluation team

97. Survey data for this evaluation found that only one out of 21 respondents (4 per cent) found it "not difficult" to develop a proposal for a GCF readiness grant. The key challenges cited by respondents were gathering and acquiring the necessary data and lack of experience in developing these kinds of proposals. Figure V-1 shows how the lack of funding for institutional operations was also a key challenge for the preparation of proposals for GCF readiness grants. Figure A - 22 (in Vol. II of this evaluation) shows that countries that are receiving the highest proportion of readiness funding are those with moderate levels of readiness, as proxied by the ND-GAIN index (e.g. Uganda, Cambodia, Malawi, Tanzania, Ethiopia). There are also a number of countries with low readiness scores that are not accessing readiness funding, which may be due to barriers to entry in meeting GCF requirements.[85]

Figure V-1. How would you rate the level of difficulty of developing a proposal for a GCF readiness grant?

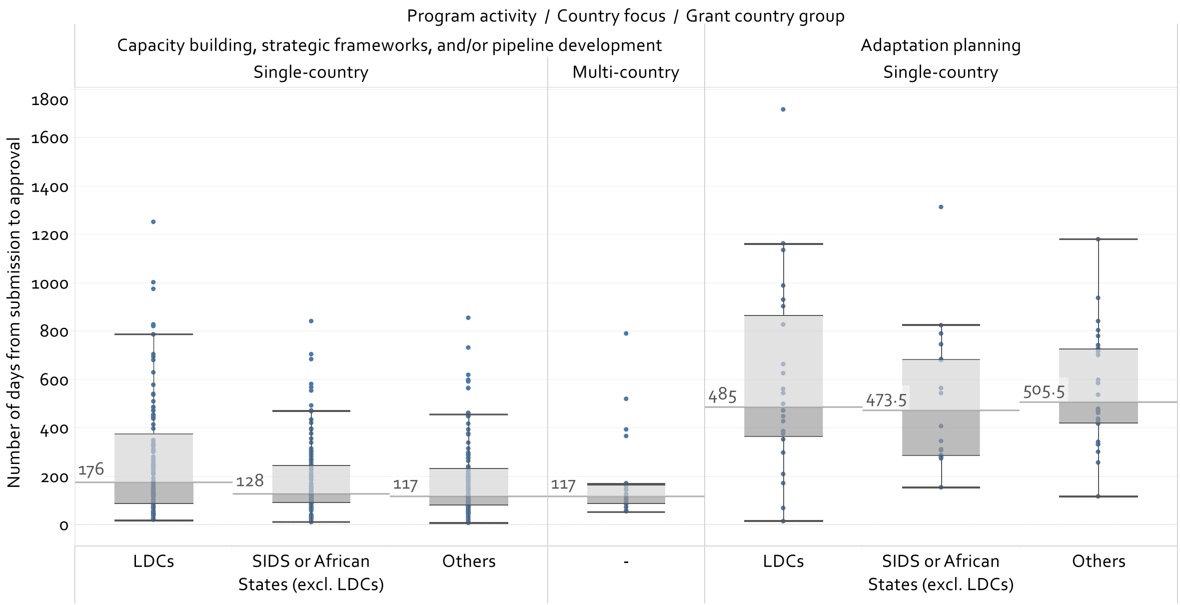


Source: IEU survey to NDAs of LDCs (August 25, 2021)[86]

98. Figure V-2 shows it takes LDCs longer to prepare readiness grants for capacity building (CB/SF/PD) as compared with non-LDCs.[87] The median for the approval process for CB/SF/PD in LDCs is 176 days, compared with the 117 to 128 days averaged by other country categories.[88] The time taken for AP grants is broadly similar.

[85] Those countries with higher levels of readiness appear to be several Pacific Islands where the amount of funding may be proportionately higher given their smaller size.
[86] The total respondents here are 21 NDAs of the LDCs that have developed a readiness grant before.
[87] The number of single-country readiness grants approved for LDCs by outcome area and delivery partner is illustrated in Figure A - 21 in Annex 1, Vol. II of this evaluation.
[88] Twenty eight grants with erroneous dates for submission or approval were not considered.

Figure V-2. Number of days from submission to approval of readiness grants



Source: GCF IPMS and Fluxx Readiness data (October 8, 2021), as analysed by IEU DataLab.

99. Readiness support for LDCs often relies on delivery partners. A number of global organizations are delivery partners for readiness programmes including Korea's Global Green Growth Institute (GGGI). In Cambodia and Ethiopia (and other countries), the GGGI acts as delivery partner of readiness programmes and directly implements readiness activities. While there is endorsement from the NDA, the country government does not act as an implementing partner with the delivery partner in these cases.

100. Where LDCs do not have the capacity for the development of the NAP (which requires detailed coordination and forward planning), they rely on delivery partners such as the United Nations Development Programme (UNDP) to support the process. Secretariat interviews suggest that while delivery partners' technical expertise in this area is highly valuable, it does not necessarily build LDCs' capacity to manage the NAP going forward and is not consistently country driven. So far, the GCF's NAP support has not yet translated into completed NAPs in LDCs. Only three countries - Benin, DRC and Liberia - have received the full amount of NAP readiness support that has been approved, and none of these countries have yet completed a NAP. However, there is a small positive correlation between the amount of readiness funding provided to countries and the countries' level of readiness (as calculated in the ND-GAIN index, see Figure A - 22 in Annex 1, Vol. II of this evaluation). Private sector mobilization in LDCs still remains a small part of the GCF's Readiness Programme. Figure A - 21 shows that only 28 out of 117 grants for LDCs (24 per cent)[89] specifically target private sector mobilization as the main outcome. Among this small number of grants, only 14 per cent target development and approval of a funding proposal at the GCF as its main suboutcome. None of these grants are through direct access delivery partners or NDAs. Private sector entities comment that readiness projects are frequently under resourced and the GCF is strict about how much is charged for personnel.

[89] Excluding AP grants.

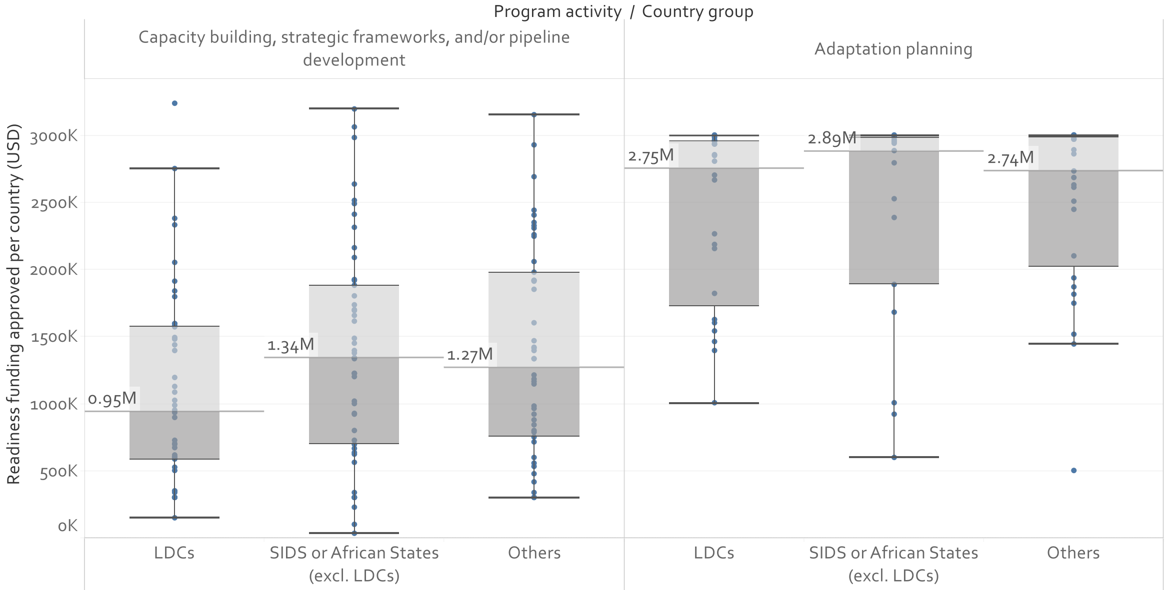
C. Readiness support to LDCs

101. **Finding 3(b): On average, USD 0.95 million is approved for RPSP in the LDCs, which is less than other country groups. Disbursement of RPSP funding is slow, especially for adaptation planning.**

102. LDCs access a smaller amount in CB/SF/PD grants than other country groups, with the funding approved per country for LDCs at USD 0.95 million compared with non-LDC SIDS and African States (excl. LDCs, USD 1.34 million) and other GCF-eligible countries (USD 1.27 million) (Figure V-3).[90]

103. More broadly across the entire GCF portfolio, IEU DataLab figures report that 70 AP grants have been approved amounting to USD 165 million. These are slightly more recent figures than those offered by the UNFCCC’s LDCs Expert Group (2021) who reports that a total of 91 developing countries have submitted 94 proposals for GCF Readiness for NAP formulation amounting to USD 217 million, with 58 proposals approved amounting to USD 139 million. For AP, largely via delivery partners with capacity to support planning processes, LDCs are effectively accessing the funding set aside via the envelope of USD 3 million, with the approved funding per country at around USD 2.75 million on average, which is similar to non-LDC SIDS and African States as well as other GCF-eligible countries.

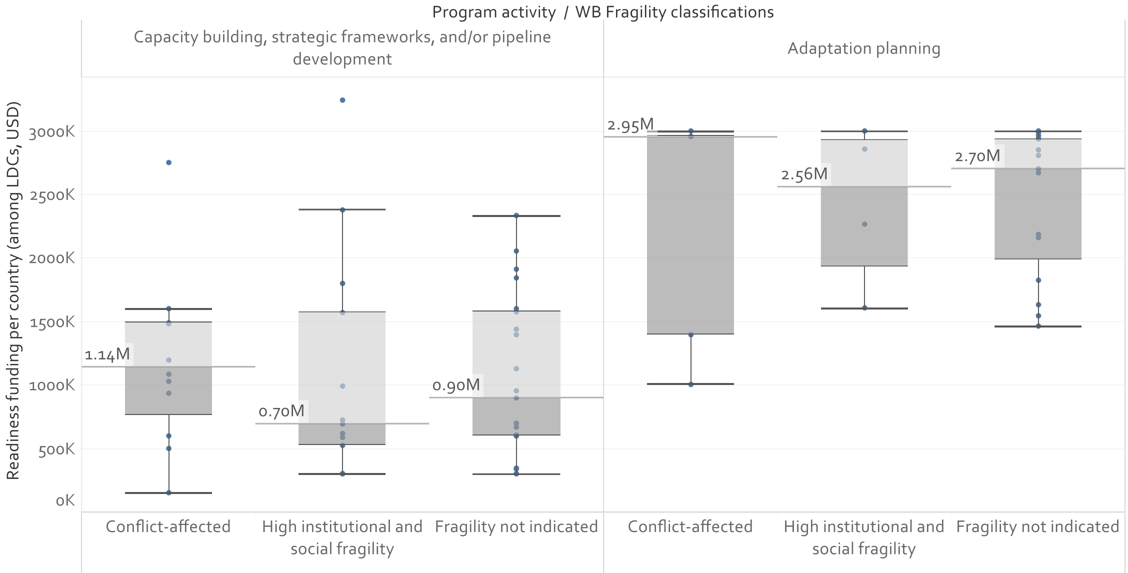
Figure V-3. Readiness funding approved per country



Source: GCF IPMS and Fluxx Readiness data (October 8, 2021)

[90] These values are calculated only with countries that have accessed readiness funding. In other words, these values only include countries that have had the capacity to access GCF finance.

Figure V-4. Funding approved per country – LDCs and WB fragility classification



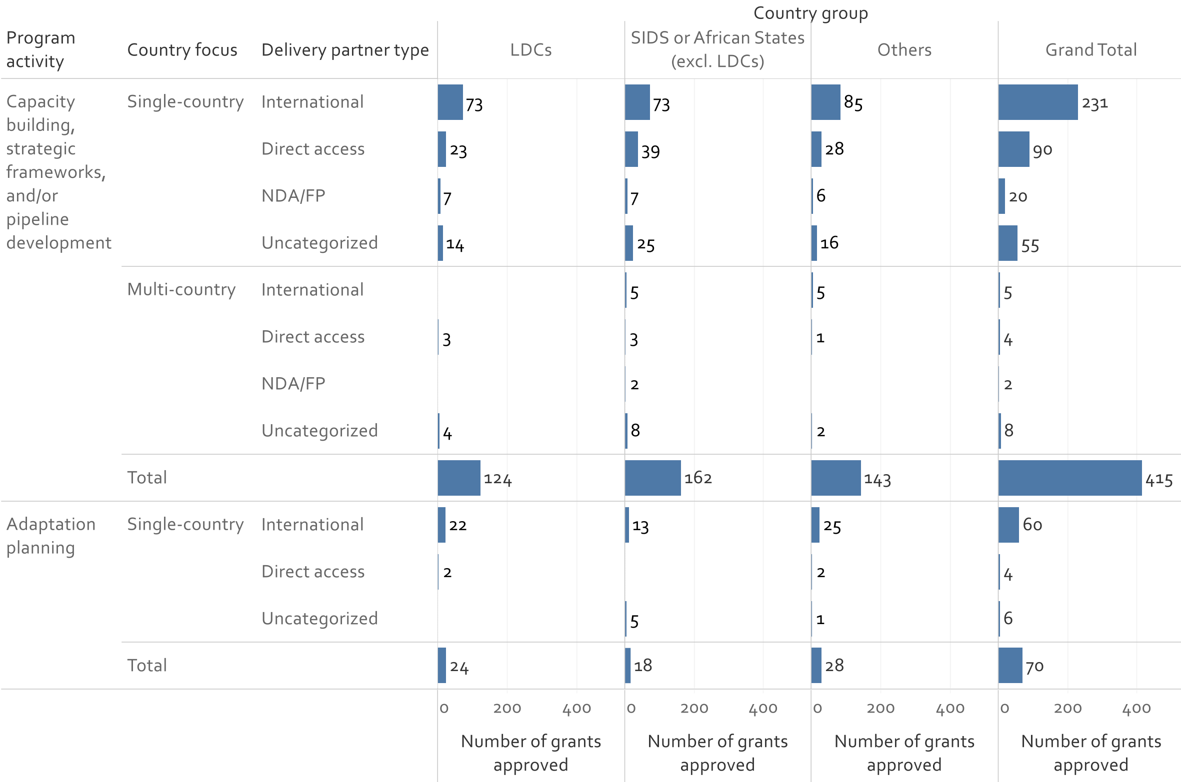
Source: GCF IPMS and Fluxx Readiness data (October 8, 2021); WB Classification of Fragile and Conflict Affected Situations (FY21)

104. Disbursement of readiness funding is steadily increasing but remains slow to be disbursed. For single country grants[91], 51 per cent of overall readiness funding for LDCs has been disbursed compared to 55 per cent for non-LDCs (which includes both non-LDC SIDS and African States as well as other GCF-eligible countries). For CB/SF/PD, this is 63 per cent, and for AP, it is 42 per cent (see Figure A – 23 and Figure A – 24 in Vol. II of this evaluation). Overall, only 38 of the 117 CB/SF/PD grants have been disbursed in full. For AP, only three out of the 24 AP grants have been fully disbursed. For those countries that have approved readiness funding for AP, only ten (42 per cent of countries) have received more than half of the approved funding. Of these, three have received the full disbursement (Liberia, Democratic Republic of Congo and Benin).

105. Readiness funding for LDCs is largely accessed through international entities. Figure V-5 shows that 95 out of 148 grants are through international entities. This trend, however, is not restricted to the LDCs alone, as other country groups also access readiness grants largely through international entities.

[91] For readiness disbursements, the multi-country grants are considered collectively without country delineation, due to lack of information.

Figure V-5. Number of grants approved by delivery partner type



Source: GCF IPMS and Fluxx Readiness data (October 8, 2021)

D. Development of CPs in LDCs

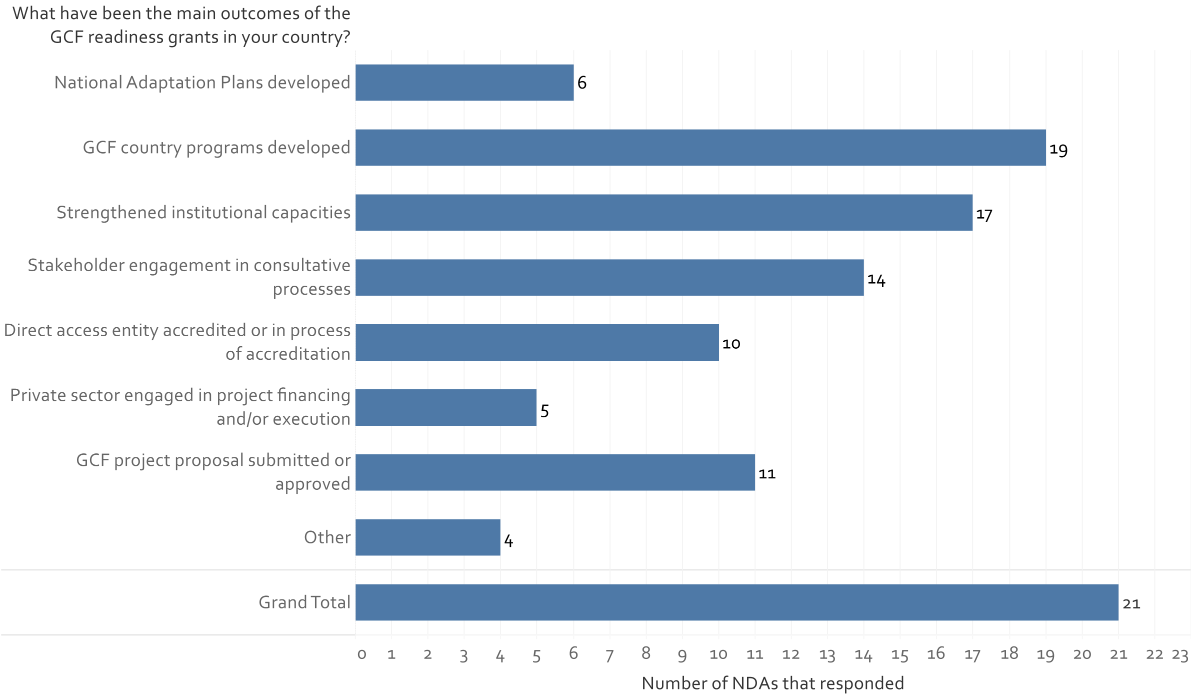
106. **Finding 3(c): Country programmes (CPs) are not fully incorporated into the GCF business model, and there is limited use of CPs for GCF programming.**

107. GCF readiness support in LDCs is being channelled towards developing CPs to establish priorities aligned with country ambitions. CPs play a key role in the investment decision-making process of the Fund as per the proposal approval process revised through Decision B.17/09. This is reflected in survey data for this evaluation where 90 per cent of NDAs who responded (19 out of 21) indicated that readiness support is being used to develop a CP. NDAs and DAEs signal that CP development is country driven and that the GCF provides broad investment criteria that serve as a "benchmark rather than a barrier." As of October 8, 2021, 32 per cent of countries (9 out of 28) with approved country programmes are from LDCs, and a number of CPs from LDCs are in the draft stages. Although the CP is designed as a mechanism to operationalize country ownership and is intended to be central to pipeline development, there is no requirement to develop projects based on a CP, and they are not yet an established component of the GCF business model. Interviews with stakeholders and country case studies reflect that the CP "looks good on paper" and offers great potential for how the GCF identifies and prioritizes a country pipeline. However, there are key concerns in how they are being implemented, and the extent to which CPs support country ownership in LDCs that have been raised by GCF Secretariat staff and country stakeholders.

108. Funding proposals from LDCs largely align with country priorities and refer to national planning documents due to the broad subject area these documents cover rather than specific attention to country priorities. Such proposals from LDCs comply with the GCF's general requirements for

using country systems through consistently referencing NDCs, NAPAs, national strategies and policies on climate change as well as NAPs. LDCs more consistently refer to NAPAs than other country groups. Multi-country projects make fewer references to national climate frameworks reflecting a broad-brush approach to multi-country design. These points are illustrated in Figure A - 19 in Annex 1 (Vol. II) which shows the degree to which GCF projects are aligned with national policies, strategies and plans. Even with the heterogeneous nature of LDCs, and the importance of understanding the physical and sociopolitical dynamics within countries, there is no requirement, process and standard for using country systems beyond reference to these national planning frameworks (e.g. NDCs and NAPAs).

Figure V-6. What have been the main outcomes of the GCF readiness grants in your country?



Source: IEU survey to NDAs of LDCs (August 25, 2021)[92]

109. The CPs highlight inconsistencies between country expectations and the projects that get funded by the GCF in LDCs. There is often a gap between GCF country portfolios and the project priorities outlined in the Country Programme document which is problematic from a monitoring standpoint. In terms of country ownership, active GCF projects are not always included in the CP, and many of the projects that are priorities for the countries are not on the GCF's radar. Respondents report tensions between the CPs and EWPs in terms of which projects will be prioritized and how the CP will be considered in project design. IAEs have their own programming which is not required to link to the CPs. The CP is not designed to be a requirement for planning programming and does not serve to streamline programming or project approvals. In the context of LDCs, there is a sense of "overlapping prerogatives" regarding project design. Government stakeholders report that they feel the need to play by IAEs' rules (particularly where there is not a DAE). There can also be misaligned expectations as to how the CP and possible EWPs intersect, leading NDAs to question the degree to which country ownership is practised by the GCF. Two country case studies completed for this evaluation reflect the high ambitions for and lack of clarity about CPs. In Togo, the first

[92] Total respondents include 21 NDAs of LDCs that have previously developed a readiness grant.

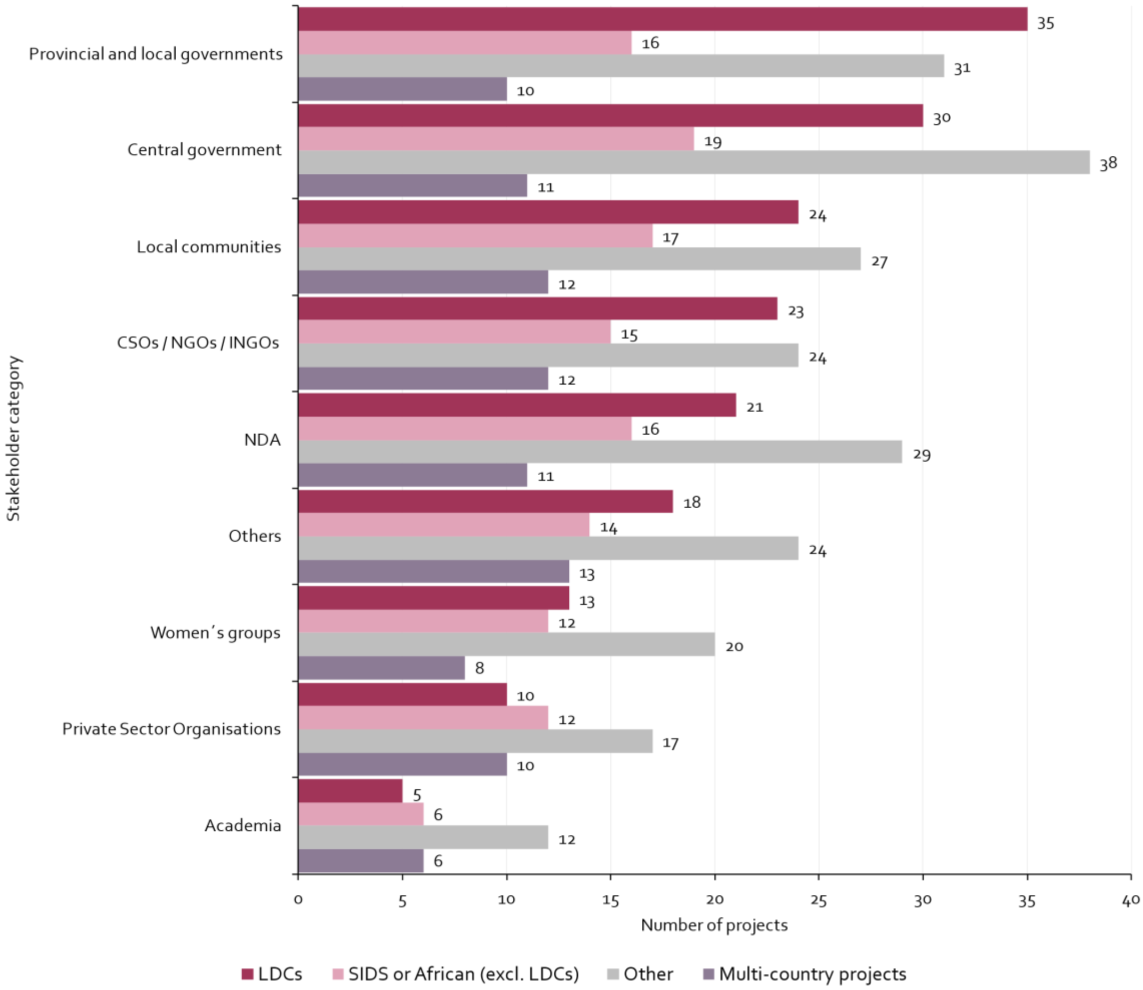
RPSP grant was used in 2018 to generate the GCF Country Programme document. Developing the CP was considered a relevant exercise and produced a plan of concrete actions with a targeted envelope of no less than USD 1.5 billion which generated high expectations with respect to the GCF as an important source of climate finance. However, since developing the CP, Togo has not yet seen concrete projects on the ground. In Cambodia, readiness funding has also supported a Country Programme which is in the process of finalization. There is still a mismatch between the activities identified by the CP and the pipeline activities used by the GCF Secretariat.

E. INVOLVEMENT OF STAKEHOLDERS IN PROJECT DESIGN

110. **Shortcomings in stakeholder engagement limit country ownership of GCF supported activities**. Stakeholder engagement typically includes relevant government ministries but given that the GCF does not have a dedicated strategy for engaging CSOs and communities, less attention is given to the engagement of other stakeholders such as civil society, target communities and other non-governmental agents at different stages. Engagement of non-sectoral ministries typically declines during implementation, regardless of whether they are NDAs or not.

111. Although the GCF Programming Manual states that collaboration with key actors should include a broad constituency, the GCF does not have a policy in place to guarantee the breadth and depth of stakeholder participation. Projects in LDCs consistently include consultation with government ministries while engagement with other stakeholder groups varies from project to project. Stakeholder engagement and participation are key to country ownership. The GCF's programming manual encourages AEs to engage NDAs prior to the submission of concept notes, but this is not a requirement. For LDCs, consultation is primarily operationalized through engaging the NDA at the project origination and design stage, and consultation with beneficiaries through the environmental and social safeguards process (ESS). Although the GCF Programming Manual states that collaboration with key actors can include finance and technical experts, research organizations, CSOs, the private sector, vulnerable populations and youth, and minority and gender groups, data gathered for this evaluation highlights that this varies in practice. Government divisions are frequently involved in project design, but the GCF does not have a policy in place to guarantee the breadth and depth of involvement of stakeholders outside of government. Figure V-7 shows the number of projects that had expected consultation with respective stakeholder categories during the project preparation phase in LDCs. It shows that LDCs tend to be more inclusive, especially at higher levels of the national hierarchy, compared to SIDS and African States, but less so than other GCF-eligible countries. Of particular note is that stakeholder consultations by multi-country projects are the lowest across all stakeholder groups.

Figure V-7. Number of GCF projects with expected stakeholder participation from different stakeholder groups during the project consultation phase



Source: IEU DataLab, October 8, 2021

112. The Independent Technical Advisory Panel (iTAP) assessment of country ownership does not sufficiently capture measures of country ownership across regions and stakeholder groups in LDCs. iTAP reviews indicate that projects from LDCs are aligned with national planning documents.[93] Nonetheless, the iTAP criteria and assessment of country ownership, which focuses on the link to country planning documents, does not capture the necessary depth and breadth of stakeholder engagement required for meaningful country ownership in LDCs. According to the IEU's Country Ownership Evaluation (IEU, 2019b), iTAP uses relatively blunt measurements of country ownership leading to consistently high ratings across different types of entities, levels of vulnerability in country and country group.

113. Given that all medium and large projects in LDCs are implemented by IAEs, ensuring stakeholder engagement in LDCs is a key responsibility of IAEs. The GCF business model gives responsibility for project preparation and implementation and first due diligence responsibilities for project preparation, implementation and evaluation to AEs. For LDCs, IAE structures and procedures for stakeholder participation take on greater prominence than those of the NDA. For LDCs, this means

[93] i.e. Nationally Determined Contributions (NDCs), NAPAs and National Adaptation Plans (NAPs)

that after the project design stage, monitoring of stakeholder engagement is left to the AEs. Interviews with Secretariat staff highlighted the lack of access to AE audits and limited instruments for on the ground verification as key limitations for ensuring compliance and country ownership.

114. APRs data shows that engagement of country level stakeholders is concentrated with government ministries with less participation of other stakeholder groups. Overall, country stakeholder engagement drops off significantly between the project design and preparation phase to the project implementation stage. Where the level of stakeholder participation is already concentrated in government bodies over other types of stakeholder groups, it can be inferred that the level of engagement of CSOs and community groups is similarly reduced in the project implementation stage.

115. Country case study findings from this evaluation indicate that some projects have engagement with a diverse range of stakeholders even in LDCs with potential conflict situations. There is evidence that, in some instances, vulnerable groups are actively involved in the project design, both in projects implemented by DAEs and IAEs.[94] In Ethiopia, stakeholder involvement includes multiple levels of subnational governments which translates into a highly localized approach which responds to the needs of vulnerable groups. IAEs' engagement with vulnerable groups is guided both by ESS requirements and their own established processes and engagement in country stakeholder engagement. For the UNDP, WB, Food and Agriculture Organization, and International Union of Conservation of Nature, stakeholder interviews suggest that a long-standing country presence supports project alignment with beneficiary needs. In Haiti, where SAP013 is being implemented by the Nordic Environment Finance Corporation, the most vulnerable were identified through ongoing engagement and beneficiary needs analysis. For multi-country projects, the mechanisms for engaging with vulnerable groups tend to rely on who is identified as executing entities, which can lead to further distance between the GCF and vulnerable groups. While involvement of stakeholders at the design stage has been significant, it is too early to determine whether this translates to ownership during implementation.[95]

Box V-1. Involvement or country ownership? Engagement of stakeholders in GCF activities: Togo, Ethiopia and Haiti

Togo has the benefit of a GCF Steering Committee mechanism that was put in place to oversee and steer the implementation of GCF funded efforts, which includes representatives of relevant ministries, the private sector and CSOs. The development of Togo's CP was participatory and included consultations with public and private entities, CSOs and media at both the national and regional levels. Nevertheless, Togo does not have an accredited entity (AE) that it can work with to operationalize GCF activities.

Project design in **Ethiopia** specifically involved government sector ministries, bureaus and offices, and beneficiary communities within feasibility studies led by the government and the project needs assessment process. Vulnerability assessments were conducted in consultation with subnational representatives and beneficiaries in order to identify and prioritize the most vulnerable communities for project implementation. For project design (FP058), workshops were organized for project stakeholders drawn from federal, regional and woreda levels. Community groups (in the Oromia region) were also directly

[94] For adaptation projects, which specifically target the needs of LDCs, project design is expected to assess the impact potential (direct and indirect beneficiaries) in terms of reduced vulnerability or increased resilience as well as assessing the vulnerability of the country and/or specific vulnerable groups. This is expected to include engagement with CSOs and other relevant stakeholders, including indigenous peoples, local communities, women and other vulnerable groups.
[95] Case studies highlighted that IAEs leverage their local presence and therefore, can engage closely with local stakeholder groups.

involved in the process of identifying specific project sites, although it is too early to determine the degree of community involvement in implementation.

In **Haiti**, stakeholders indicated that consultations were socially and gender inclusive, but participants have a limited understanding of the GCF. Some interviewees highlighted the importance of community involvement for projects to be successful, while acknowledging the limitations of this approach: Even though stakeholders were involved in the process for selecting ideas, they do not "own" these ideas.

F. LOCAL KNOWLEDGE AND INDIGENOUS PEOPLES

116. **Finding 3(d): The COP has requested the GCF to enhance consideration of local indigenous and traditional knowledge. The GCF has not done so yet. The GCF lacks tools to track the extent to which and how indigenous people's concerns and local knowledge are incorporated in projects, including how such knowledge can provide valuable information on climate trends.**

117. The GCF lacks tools to sufficiently define or track the ways or extent to which indigenous peoples' concerns and local knowledge are addressed in projects due to lack of clarity surrounding concepts of indigenous knowledge and inconsistent monitoring and learning mechanisms. While some LDCs have large populations of indigenous peoples, the GCF does not routinely document how indigenous peoples are consulted, and tracking focuses on mitigating harm rather than proactive involvement. While the policy sets out safeguarding measures, it does not provide definitions for key concepts such as local or indigenous knowledge or provide guidelines for how these should be included in projects. In response to the COP request that the GCF consider a recommendation "to enhance [its] consideration of local, indigenous and traditional knowledge and practices and their integration into AP and practices, as well as procedures for monitoring, evaluation and reporting, the GCF adopted the Indigenous Peoples Policy in Decision B.19/11 to ensure that all projects comply with the "applicable requirements" of the Indigenous Peoples' Policy which is assessed through second level compliance through the Office of Risk Management and Compliance (ORMC).[96] The objective of the GCF's Indigenous Peoples Policy is to provide a structure for ensuring that the activities of the GCF are developed and implemented in a way that fosters full respect, promotion and safeguarding of indigenous peoples so that they benefit from GCF activities and projects in a culturally appropriate manner, and do not suffer harm or adverse effects from the design and implementation of GCF-financed activities (Annandale and others, 2020). Local, indigenous and traditional knowledge are not defined or clarified in the policy.

118. The GCF relies on self-reporting from AEs for compliance with the Indigenous Peoples Policy across the GCF's portfolio. Participation of indigenous peoples across GCF projects is difficult to track. While APRs from 10 LDCs projects mention local communities or indigenous peoples, there is a lack of precision as to how projects are addressing the needs and interests of indigenous peoples.[97] This precludes the possibility of deriving lessons and knowledge on ways to better address indigenous peoples' concerns and knowledge into GCF operations.

[96] The GCF's Independent Redress Mechanism is an important mechanism for mitigating harm on indigenous peoples. One of the eight cases recorded by the Independent Redress Mechanism is in a LDC (Bangladesh).

[97] Approved projects that mention the participation of local communities or indigenous peoples in the APR include: FP002 Malawi - Scaling up the use of Modernized Climate information and Early Warning Systems in Malawi; FP011 Gambia - Large-scale Ecosystem-based Adaptation in The Gambia: developing a climate-resilient, natural resource-based economy;

119. The GCF has not fully responded to the COP request to enhance its consideration of local indigenous and traditional knowledge which has particular importance to many LDCs given the importance of local knowledge, including as a form of climate data. A sole emphasis on climate data from the physical sciences by iTAP is translating into missing opportunities to tap into local expertise, country monitoring and knowledge in data poor contexts. While indigenous issues are well covered by GCF standards and working groups, indigenous knowledge is not incentivized or given weight by iTAP assessments which would potentially enhance the quality of project proposals coming from LDCs. The GCF requires all countries to provide longitudinal climate information (climate rationale) for adaptation projects which is challenging for LDCs where data is often scarce or unreliable, or where data systems can be dispersed and not centralized. For LDCs, the difficulty in providing scientific climate information constrains their ability to access funding to respond to their urgent climate needs. Respondents highlighted how the UNFCCC's emphasis on common and differentiated responsibilities can also be applied to data capacities of countries (which are differentiated) and that this needs to be better integrated into the provision of climate data.[98]

120. The use of indigenous knowledge, and consultation with community members may offer an opportunity to learn from local expertise and knowledge of climatic trends in data poor contexts. [99] In non-LDCs contexts, expert interviews for this evaluation highlighted the use of indigenous knowledge in informing early warning systems, such as in Orissa, India. Here, the state government successfully turned to localized knowledge and practice for disaster preparedness. Respondents for this LDCs evaluation highlighted that constructing a narrative using all sources including local knowledge and historical data seen from the lens of indigenous knowledge can supplement scientific modelling work.

G. CONSIDERATION OF GENDER EQUALITY EMPOWERMENT IN GCF INVESTMENTS

121. Finding 3(e): Compliance with the gender policy, particularly required gender action plans, is consistent in the LDCs. However, the quality and depth of gender assessments and reporting vary, making tracking gender impacts hard.

122. In Decision B.09/11, the GCF adopted the Gender Policy and Action Plan which was then revised in the Gender Equality Policy to move beyond a narrow understanding of gender to consider, respect and value the contribution of both women and men. The Fund's gender policy sets out a commitment "*to measure the outcomes and impacts of its activities on women and men's resilience to climate change*."[100] The GCF's approach to mainstreaming gender requires a strong

FP049 Senegal - Building the climate resilience of food insecure smallholder farmers through integrated management of climate risk (R4); FP058 Ethiopia - Responding to the increasing risk of drought: building gender-responsive resilience of the most vulnerable communities; FP070 Global Clean Cooking Program – Bangladesh; FP073 Strengthening Climate Resilience of Rural Communities in Northern Rwanda; FP107 Bhutan Supporting Climate Resilience and Transformational Change in the Agriculture Sector in Bhutan; FP109 Timor Leste Safeguarding rural communities and their physical and economic assets from climate induced disasters in Timor-Leste; FP129 Afghanistan Rural Energy Market Transformation Initiative – Strengthening Resilience of Livelihoods Through Sustainable Energy Access; and SAP008 Bangladesh Extended Community Climate Change Project-Flood (ECCCP-Flood).

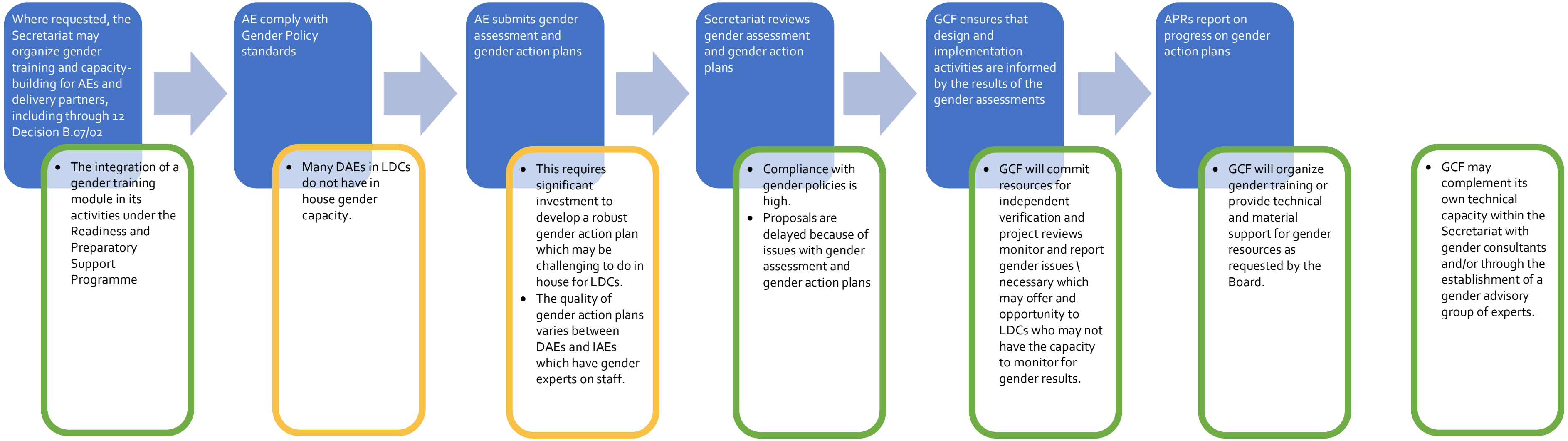
[98] This emphasis on indigenous knowledge stems from paragraph 7.5 of the Paris Agreement which states that "Parties acknowledge that adaptation action should follow a country-driven, gender-responsive, participatory and fully transparent approach, taking into consideration vulnerable groups, communities and ecosystems, and should be based on and guided by the best available science and, as appropriate, traditional knowledge, knowledge of indigenous peoples and local knowledge systems, with a view to integrating adaptation into relevant socioeconomic and environmental policies and actions, where appropriate."

[99] Resources in relation to this topic can be found at *https://unfccc.int/LCIPP and https://gfcs.wmo.int/*.

[100] GCF/B.09/23/ Annex XIII, 8(c).

understanding of gender issues and gender capacity, which is not always immediately available within the NDA or DAE in LDCs (but may be available in a different ministry or a related organization). On the other hand, the gender policy offers the possibility for additional resources and support for countries which could be advantageous to LDCs. Figure V-8 illustrates the sequence of steps through which AEs comply with gender policy standards.

Figure V-8. Steps for AEs to comply with gender policy standards



Source: LDCs evaluation team

123. **The gender policy is applied to all GCF projects, and the majority of projects in LDCs include dimensions for supporting women's livelihoods.** Gender issues are highly contextual, and there is not a specific gender approach that is applied to all LDCs. Instead, a gender action plan is developed for all GCF interventions. However, the lack of in-house capacity to integrate gender aspects is a constraint for some LDCs' proposals both for accreditation and for project proposals. Most NDAs do not have gender experts "in-house" and need to rely on other ministries or support from external consultants. GCF support, where provided, is through "on-demand trainings" through webinars as the ORMC is too short-staffed to be able to deliver tailored "fully-fledged trainings." Gender assessments and gender action plans are routinely conducted by consultants, and the Secretariat interviews conducted suggest that, often, "the entities do not have gender expertise from the time of preparation of the FPs. Once consultants are gone, they are unable to cope with the requirements."

124. **While the gender policy is applied, the quality and depth of gender assessments vary significantly between projects, particularly in the extent that LDCs projects are designed to deliver transformative benefits to women and girls**. Gender analysis presented in the gender assessment reports varies widely in the depth of the assessment. On the shallow end, assessments disaggregated the number of women and men that participated in activities, and on the deeper end, the assessment indicates how women's lives, livelihoods and societal roles could be transformed through GCF interventions. There does not appear to be a direct correlation between projects proposed by DAEs or IAEs and the depth of gender assessments (although there is a more consistent approach taken to projects designed and implemented by IAEs). Stakeholders interviewed as part of the country case studies consistently point to the importance of women's participation in the design and implementation of projects. More broadly, "It is not only about the women, all people, they are supposed to be involved, the elderly, the disabled, the youth, they should be involved, just to get ownership and awareness."

125. **In LDCs, it is very challenging to aggregate gender impacts given the inconsistency of reporting styles.** Across the five case study countries, thirteen GCF funded projects or programmes were identified (including a number of multi-country programmes). Of these thirteen projects, only one (FP027) had no available gender documentation. The other twelve projects all provided both gender assessment reports and gender action plans (GAPs). The style and content of gender assessments provided by AEs as part of their funding proposals varied considerably across the twelve projects. Given the variance in standardized reporting formats, it was difficult to extract information that could be compared and analysed across projects in the five case study countries, as well as how this information is integrated into GAPs. While the variance in gender assessments precluded comparative analysis, most reports contained descriptive overviews of relevant national gender policies and the gender issues likely to be relevant to the proposed projects. This is in line with the general guidance provided by the GCF to AEs.[101]

H. KNOWLEDGE MANAGEMENT AND LEARNING

126. **Finding 3(f): GCF's current approach to knowledge management is not based on a framework, nor does it provide opportunities to facilitate dialogue and learning.**

127. Generating opportunities to gather and share on lessons learned, project evaluations, impact assessments and structured dialogues to guide NDAs, AEs and DAEs is particularly important given the specific challenges and contextual particularities of working in LDCs. The GI of the GCF indicates that "the Fund will be scalable and flexible and will be a continuously learning institution

[101] Annex 5, vol II of this report provides examples of expected gender outputs from a selected number of LDCs projects.

guided by processes for monitoring and evaluation." The GI points out that the GCF Secretariat will include KM among its functions. While KM is important for all countries, it is particularly critical when dealing with LDCs. Access to knowledge on how to resolve problems under such challenging conditions can be extremely valuable. Also in this context, indigenous knowledge and citizen science also have important roles in climate action particularly under conditions when poor scientific data exists. The degree to which GCF projects support KM initiatives in regions or countries is currently unclear as there is no tracking of the extent and the forms in which projects support KM in LDCs. This is a lost opportunity to provide incentives to AEs to work together to support local KM systems in LDCs. The USP indicates that the GCF will seek to cooperate with other financial mechanisms to advance, synthesize and broaden knowledge dissemination. Despite the attention to KM by the GI and USP, at present the extent to which the Secretariat has resourced a functional KM function within the GCF is unclear.

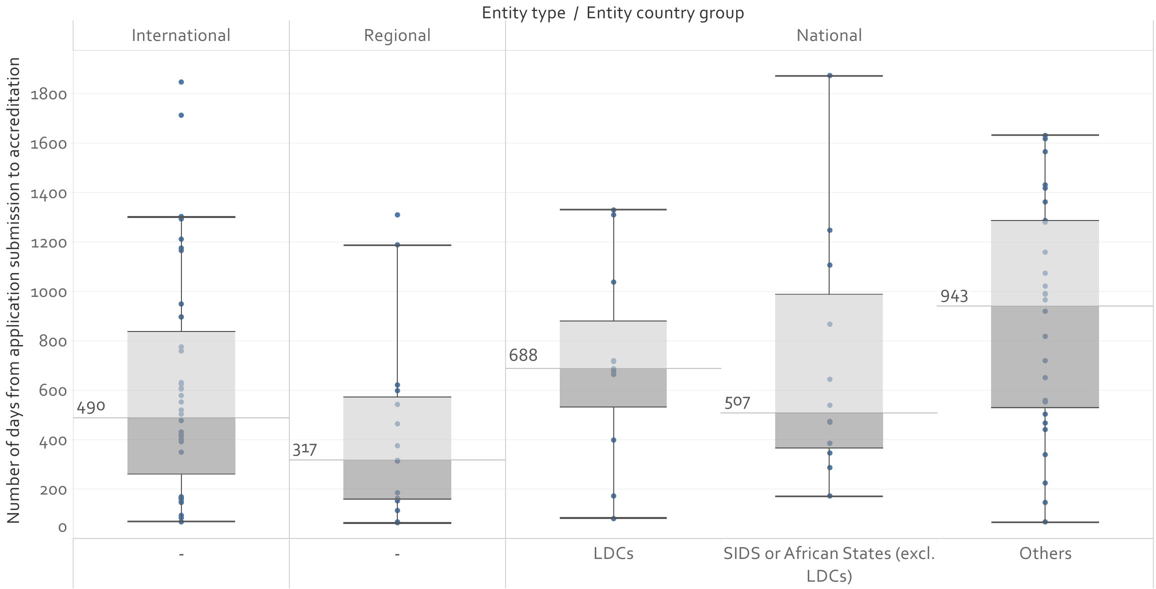
I. GCF support to DAE accreditation in LDCs

128. Finding 3(g): LDCs have only 14 national DAEs, and most are accredited to implement low-risk and micro and small projects. Only three national DAEs are accredited for medium-sized projects. DAEs in LDCs find it difficult to meet accreditation standards and require more time and support to enhance the necessary technical and institutional capacities. The median time for accreditation of national DAEs from LDCs is 688 days versus 317 for regional DAEs and 490 days for international accredited entity (IAEs).

129. The GCF has adopted accreditation categories to manage risks which open avenues for the accreditation of national DAEs. Despite this, DAEs in LDCs typically find it difficult to meet GCF standards for accreditation and often require more time and support to build the necessary capacities than DAEs in other countries. These challenges in accreditation include compliance with GCF policies, compliance with the requirement of having specific policies and fiduciary requirements, limited capacity to negotiate an Accreditation Master Agreement, limited experience with the implementation with similar projects, meeting the GCF's gender and ESS requirements and lack of recognition of experience with other multilateral organizations. The median time for accreditation of national DAEs from LDCs is 688 days versus 317 for regional DAEs and 490 days for IAEs.[102] NDAs report that in the process of evaluating potential candidates for accreditation, few entities meet the requirements and criteria for DAEs. Proving fiduciary standards and proving compliance with environmental and safeguards (ESS) are considered the most challenging for accreditation with the GCF. Many potential DAEs are disqualified even before nomination due to non-alignment of fiduciary standards, ESS and the gender policy of the GCF. Some national entities that would meet fiduciary standards (e.g. national banks) did not express interest in GCF accreditation for multiple reasons, including the perceived heaviness of the GCF accreditation process. Box V-2 illustrates how potential DAEs from LDCs find it difficult to meet the GCF's standards for accreditation. Overall, LDCs have only 14 national DAEs, and most are accredited to implement low-risk and micro and small projects. Only three national DAEs are accredited for medium-sized projects.

[102] NDAEs in both non-LDC SIDS and African States and especially other GCF-eligible countries also show a longer period compared to regional DAEs and IAEs.

Figure V-9. Number of days from application submission to accreditation



Source: GCF IPMS and Tableau Online Entities data (October 8, 2021)

Box V-2. Difficulty in meeting GCF standards in the accreditation of DAEs in LDCs: Experience of Ethiopia, Haiti, Malaw, and Togo

The Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of **Ethiopia** was accredited by the GCF in January 2017 for small projects. Ethiopia was supported by the GCF readiness funding, both through support channelled by the NDA and the GGGI in 2016. Ethiopia reported that it anticipated a higher level of accreditation given the lengthiness of the accreditation process and in recognition of their experience managing and implementing larger projects. Currently, readiness funding is being used to increase the size of projects that the Ministry of Finance and Economic Cooperation can implement.

In **Malawi**, six national entities in Malawi started the application process for accreditation, but within 4 years, five of the entities withdrew their application due to the complexity of the process.

In **Togo**, interested local organizations had programme management experience but were not able to meet the fiduciary conditions of the GCF. In the absence of an eligible national DAE, Togo has nominated three regional entities (African Guarantee Fund, Sengueti Ghana and United Cities and Local Governments of Africa, Morocco) that engaged in the process of accreditation and are expected to partner with Togo (which would foster regional ownership of GCF related operations).

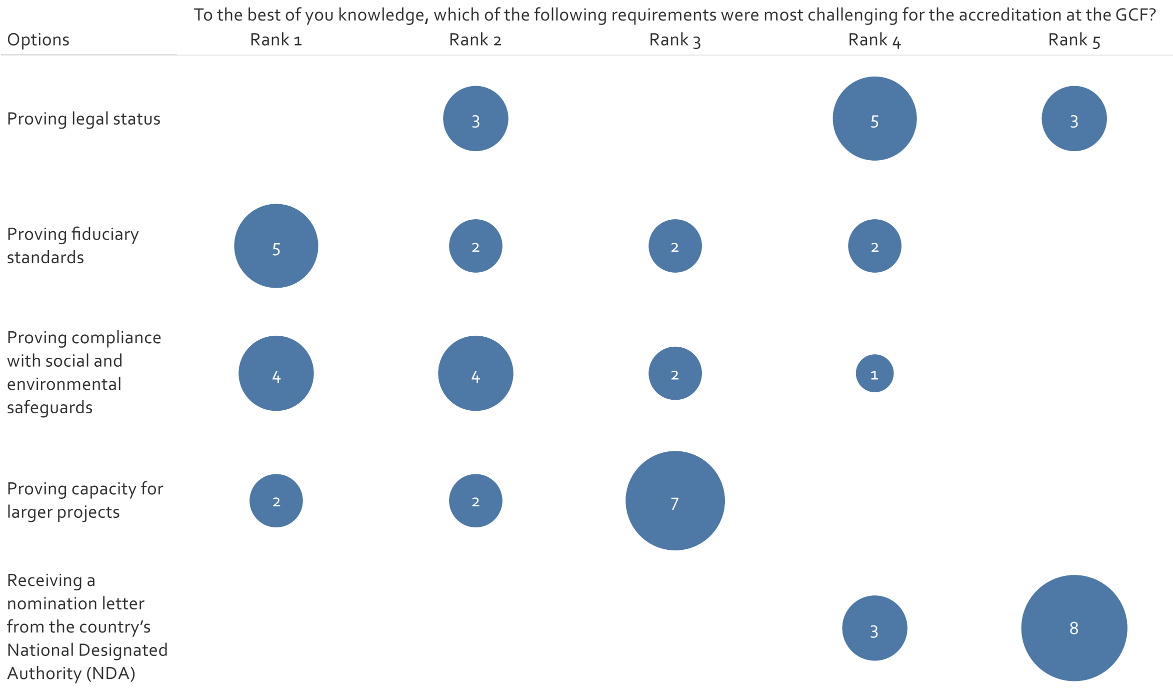
In **Haiti**, two entities are currently nominated for accreditation, but the process is currently on hold as the entities are unable to meet the GCF's fiduciary standards.

Source: Country case studies in vol III of this evaluation

130. **Further constraining factors in accessing funding are (1) institutional and legal capacity to satisfy GCF requirements during accreditation and (2) after accreditation, the lack of capacity to design and prepare the funding proposals.** Other challenges for DAE accreditation include a lack of human resources, lack of understanding of the GCF's mandate and operational standards, lack of required expertise for the DAE accreditation process and the need for translation of required policies. A survey of national DAEs active in LDCs highlights how proving compliance with ESS

safeguards, proving fiduciary standards and proving capacity for larger projects are the greatest challenges facing AEs face (see Figure V-10).

Figure V-10. Which are the most challenging requirements for accreditation with the GCF?



Source: IEU survey to AEs (August 25, 2021)[103]

131. Capacity limitations and cumbersome processes in pre- and post- accreditation also contribute to delays. Most DAEs in LDCs not only need support for the accreditation process, but also with regard to writing and negotiating proposals. Some stakeholders indicated that more support is needed in terms of funding and assistance for project development after accreditation. This situation is exacerbated by a lack of clarity and guidelines from the Secretariat and/or Accreditation Panel. LDCs, by definition, are resource constrained and the accreditation process requires the development of new policy papers, translations and technical assistance which are costly and challenging for entities with limited budgets.[104] Interviews conducted for this evaluation highlighted the opportunity for early upstream involvement of Accreditation Panel members to increase existing capacity building activities.

132. **GCF proposal development is highly demanding and time intensive for AEs, in particular DAEs, that are already stretched.** This leads to dependence on international consultants and advisors to support proposal development requirements which dilutes country ownership. Proposals, CPs and gender assessments are often developed by a consultant or through an international readiness partner, and as a consequence, do not necessarily support country ownership or long-term institutional capacity (particularly in LDCs where resources are stretched). While support from consultants facilitates the quality and efficiency of the process, it does not guarantee that the resulting document builds capacity and collaboration through its development. Interviews with

[103] Rank 1 means most challenging. Total number of respondents is 11 national DAEs from LDCs.
[104] The cost of accreditation is a barrier to entry for many LDCs. The IEU Accreditation Synthesis notes that most LDCs receive the "first USD 300,000" relatively easily, while RPSP grants above this are far harder to obtain from the GCF (IEU, 2020a). The RPSP case study prepared for GCF IEU (2018a) on Bangladesh calculates the costs associated with accreditation amounting to roughly USD 120,000 for "small" accreditation status. Given NDA budgets in LDCs, this is a significant investment.

Secretariat staff highlight the shortcomings of providing short term consultant support for LDCs. This has the potential to detract from country ownership of the process, and long-term capacity building.

J. CAPACITY BUILDING AND ACCREDITATION OF NATIONAL INSTITUTIONS IN LDCS

133. **Finding 3 (h): The GCF has rightly identified capacity constraints. GCF support programmes are not guided by strategies that lay pathways to enhance the capacities of DAEs to manage larger projects in LDCs. Nor has the GCF put in place mechanisms and incentives to engage IAEs in the capacity development of DAEs in LDCs. Although IAEs benefit from technical expertise, and often country presence, they are not incentivized by the GCF to ensure technology transfer throughout the project's implementation.**

134. Structural issues in LDCs such as limited management capacity, small departments, frequent staff turnover and limited human resources in NDA offices constrain the potential of national entities to be accredited by the GCF. In contrast to DAEs, IAEs (and Regional AEs) have the systems, policies and processes ready to manage large amounts of climate finance that address the urgent needs of LDCs. This stronger positioning has allowed IAEs to have the lion's share of the GCF's LDCs portfolio. On the other hand, the cost of working in LDCs is higher than in other countries. While accreditation is structured to manage financing risks to the GCF and is also consistent with the need to mobilize large amounts of funding to LDCs, the current system does not have an established pathway for developing the capacities for LDCs either through readiness activities or through support by IAEs. NDAs point to a number of challenges in identifying entities for accreditation (see Box V-3).

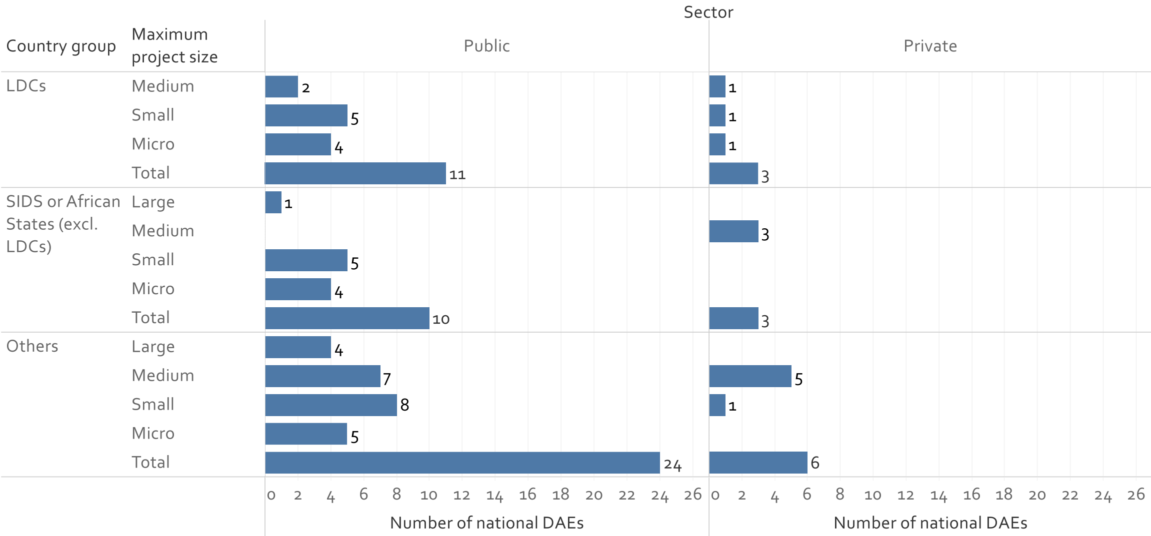
Box V-3. Issues experienced in identifying national organizations for accreditation as DAEs identified through survey of NDAs

- Few entities meet GCF accreditation requirements such as the required climate fund and grant experience, operational and fiduciary standards, and ESS and gender policies
- Institutions' existing policies and standards (fiduciary, ESS and gender) not aligned to GCF requirements or total lack thereof
- National interests limiting the scope of the mandate and funding flow mechanisms
- Lack of expertise to support the accreditation process
- Existing policies requiring translation into the English language
- Institutions' lack of interest to be accredited
- Lengthy and demanding accreditation process

135. **As a consequence of the accreditation standards and their capacity limitations, LDCs have few DAEs, and most are accredited to implement low risk and small and micro projects and only a fraction of DAEs have approved projects** (see Figure V-11)**.** Respondents for this evaluation reported it was difficult to find an institution that could satisfy all of the requirements as a GCF DAE. National entities pointed to difficulties in meeting GCF requirements for accreditation, especially due to a lack of staff/personnel. Stakeholders indicated that GCF requirements for accreditation are extremely stringent, fit for international organizations and not for local entities in

developing countries. Eligibility to implement larger projects is not correlated with a country's level of need, and an entity's experience implementing large projects is not always recognized as sufficient for accreditation. DAEs reported that in some cases, the accreditation process does not account for experience acting as the implementing partner for bilateral or multilateral projects. In some countries, ministries that are responsible for managing multi-billion-dollar projects are only accredited to implement micro level or small projects for the GCF, which they believe neither matches their experience nor the level of need in the country.

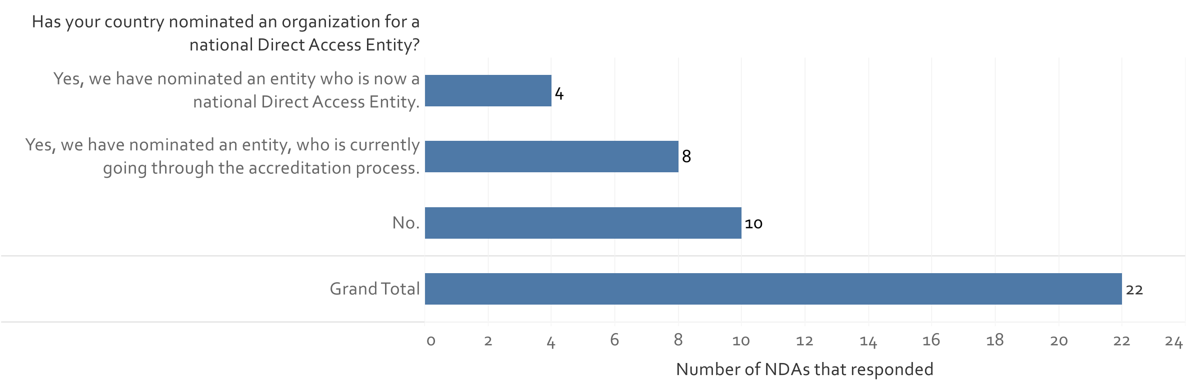
Figure V-11. National DAEs by sector and the maximum project size to manage



Source: GCF IPMS Entities data (October 8, 2021)

136. **NDAs reported that more than half of the respondent NDA offices had nominated a DAE, however only 18 per cent (4 of 22) had a DAE approved, and 36 per cent (8 of 22) have nominated a DAE who is still going through the accreditation process** (see Figure V-12). Receiving a nomination letter from the NDA is viewed as the least challenging part of the accreditation process. The challenges occur downstream as many LDCs have nominated entities for accreditation which are under review for many months before progressing in the accreditation process.

Figure V-12. Has your country nominated an organization for a national Direct Access Entity?



Source: IEU survey to NDAs of LDCs (August 25, 2021)

137. The GCF does not have a pathway for LDCs to increase their accreditation level or mechanisms and incentives for IAEs to build the capacity of national institutions. There is a standardized approach to accreditation, which is applied uniformly to all types of entities, regardless of their availability of staff, finances, context, working language and capacity. Despite the priority status of DAEs for certification and the special provisions made by the GCF Secretariat, all applicants are assessed against GCF standards and policies. Those DAEs from LDCs that meet standards are accredited to implement low risk, small or micro projects. While this may be an effective risk management approach, many LDCs seek readiness support to increase their accreditation level to be able to implement bigger projects (and benefit from the perceived value of the GCF). While it would be incorrect to lower or waive fiduciary, ESS and gender standards, it would be appropriate to design a pathway to allow DAEs to graduate towards accreditation for larger projects either through mechanisms that recognize DAEs' experience working as implementing partners, or through utilizing parallel experiences from other climate funds as a benchmark for fast tracking accreditation.

138. As a long-term goal, GCF support through IAEs and through readiness does not have mechanisms that manage contextual risks or that consider the systemic capacity challenges facing LDCs. The majority of GCF grants are through international organizations rather than direct access delivery partners or NDAs who may be better aware of the challenges that the LDCs face in governance, climate coordination or lack of infrastructure. In addition, there is some evidence from reaccreditation processes that IAEs are not systematically supporting the capacity building of national Direct Access Entities. Moreover, there are no funding windows for readiness or accreditation that target or incentivize participation from LDCs. As a consequence, LDCs largely work through IAEs to expedite and have more assurances for funding.

K. COSTS AND BENEFITS OF READINESS AND ACCREDITATION TO LDCS

139. The cost-benefit of readiness funding to LDCs remains to be seen as there is not yet an established pathway from readiness to accreditation of DAEs, and from accreditation to project approvals. As discussed in Chapter V, the GCF Board has emphasized the importance of expediting support for formulation and implementation of readiness. At present, the status of the RPSP is tracked through grant approval and disbursement rather than through monitoring contribution to readiness. For LDCs, where readiness is the main vehicle the GCF uses to address institutional and structural barriers, the lack of routine monitoring is stark. Stakeholders report that they value the GCF's investment in capacity building and praise the GCF's readiness financing for offering the possibility for national actors to engage in GCF processes. Yet, GCF reporting does not easily gather information on how readiness funding is used or the outcomes it supports. The Readiness Programme is viewed as a valuable opportunity to familiarize national actors with the skills and perspectives needed to access GCF finance but the benefit of this programme is not yet systematically tracked or reported. Readiness is seen to offer a potential opportunity for overall institutional strengthening and participation.

140. The link between readiness accessed by LDCs and the accreditation of national entities is not consistent. Nine out of 14 national DAEs from LDCs come from 26 countries that have accessed readiness funding specifically for direct access realization. Four projects have been approved through these national DAEs, suggesting that the pathway from readiness to the accreditation of DAEs and accreditation to project approval is still yet to be fully realized. Overall, the GCF does not have a results management framework to assess the progress, impact or efficiency of readiness

support which would enable the GCF to accurately assess the gains and costs of readiness to LDCs. This means that determining the actual readiness needs, effectiveness of funding or comparing the use of readiness funding in different contexts is not possible. This is an important limitation given the emphasis that readiness is given at Board levels.

Chapter VI. PERFORMANCE OF THE GCF'S BUSINESS MODEL AND PROCESSES IN LDCS

CHAPTER SUMMARY

Accessing readiness and project funding is slower and more challenging for LDCs and the efforts to support efficiency gains in LDCs has yet to gain traction. At present, LDCs encounter process-related bottlenecks throughout the accreditation, GCF support programmes and project cycle, due to a mix of low capacities and stringent GCF requirements. Concept note and proposal development are particularly challenging for entities in the LDCs. More than half of LDCs have not accessed the PPF, which is particularly relevant to LDCs. A lengthy and resource intensive process discourages entities in the LDCs from applying for PPF grants. Overall, disbursed financing is generally low for LDCs, and the PAP takes longer for LDCs than non-LDCs. Whilst the SAP was designed to streamline the proposal process for countries with limited capacity and lower accreditation levels, LDCs have yet to reap the benefits of the SAP. Although the RfP model was intended to include LDCs, thus far it has not helped increase access to finance for the private sector and national entities. Legal negotiations contribute to delays in disbursement. The lack of legal expertise for DAEs contributed to these delays. High levels of vulnerability, fragility and contextual challenges present particular risks for projects in the LDCs. Overall, the GCF does not offer incentives to AEs to work in high-risk contexts.

141. As of October 8, 2021, the GCF's approved funding in LDCs amounted to USD 1.871 billion for single country projects, with USD 1.743 billion in expected co-financing. This corresponds to 19 per cent of the GCF's total approved funding, and to 6 per cent of the corresponding co-financing. If multi-country projects are included, this amount increases to USD 2.948 billion with USD 6.217 billion in co-financing (assuming that the budget will be allocated equally among the listed countries, which is often not the case). Overall, 52 per cent of the approved GCF funding to LDCs consists of grants (USD 1.530 billion) and another 41 per cent in loans (USD 1.205 billion), while the remaining 7 per cent includes equity and guarantees. The LDCs portfolio consists of 77 approved projects (41 per cent of the global portfolio), of which 52 are single country and 25 multi-country projects.[105]

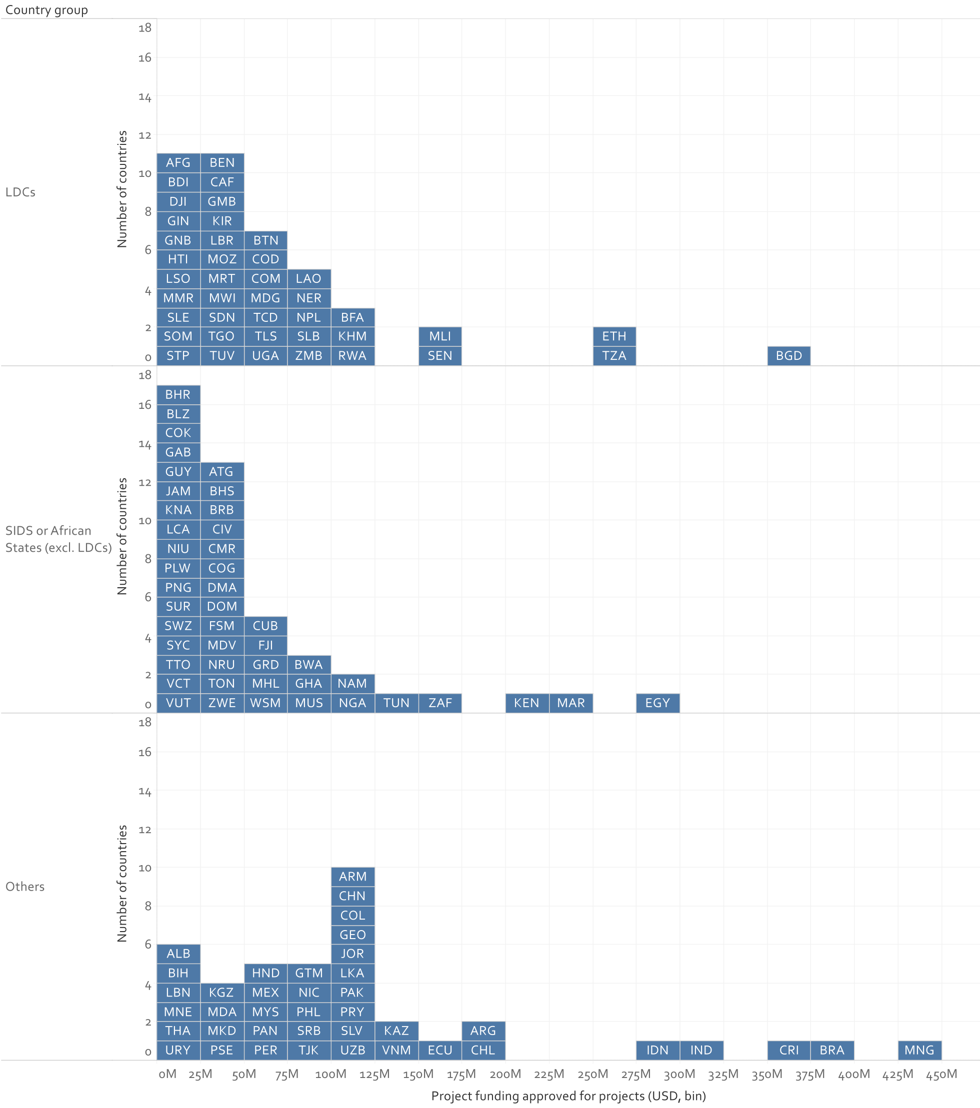
142. Figure A – 37 (in Vol. II of this evaluation) shows the breakdown of GCF project funding in both nominal and grant equivalent (GE) terms. When considering single country projects, the GE of LDCs is almost 25 per cent lower than the allocated funding in nominal terms, compared to almost 19 per cent lower for non-LDC SIDS and African States. This is unexpected. As LDCs are more vulnerable, one would expect a higher GE figure (as a greater proportion of allocated funding would come from grants, and the terms of any loans taken would be more concessional). The GE figure for other GCF-eligible countries is almost 30 per cent lower than the nominal amount, indicating fewer grants and less concessional terms on loans and other financial instruments.

143. Figure VI-1 shows the LDC portfolio's early stage of maturity. Over time, one would expect that the GCF's project financing in country categories would reach a normal distribution. This is yet to be the case for the LDCs and other particularly vulnerable countries such as SIDS and African States.

[105] Multi-country LDCs projects, as depicted in this figure, refers to those multi-country projects that include a LDC in the list of countries that may be included in the project. It does not guarantee that the project will be implemented in these countries which limits the value of the multi-country data for LDCs.

Figure VI-1 shows that both the LDCs and non-LDC SIDS and African States are more right-skewed than other countries over the range of GCF funding amounts approved to date.

Figure VI-1. Histogram of countries over GCF financing approved[106]



Source: GCF IPMS and Tableau Online Projects data (October 8, 2021)[107]

144. Most GCF projects in LDCs are small or medium-sized projects with B/I-2 being the most common ESS category. Of the 46 GCF-eligible LDCs, 30 countries have at least one single country project and 12 LDCs solely have a multi-country project, while four LDCs have no project. Forty five of the 46 LDCs have at least one active project in the pipeline.[108] There are 146 active and 46 inactive pipeline projects that target one or more LDCs (as of October 8, 2021). The active projects amount to approximately USD 7.760 billion of requested funding and USD 15.522 billion of co-financing.

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[106] Similar observations are made when looking at the single-country and the multi-country financing separately.
[107] The countries are indicated by their ISO code. Countries without an approved project are not shown (4 LDCs, 5 SIDS or African States excl. LDCs, and 18 other GCF-eligible countries).
[108] Only Yemen does not have any project approved or in the pipeline with the GCF so far.

Cross-cutting (USD 4.811 billion) takes up a much bigger part of GCF financing requested than mitigation or adaptation.

145. Since 2015, the number of approved projects in LDCs has steadily increased. In the first three years (2015-2017) an average of 5.3 projects were approved each year, a number that grew to 15 projects a year during the 2018-2020 period. In 2021, 16 projects were approved as of October 8th. Figure A – 6 in Annex 1 (in Vol. II of this evaluation) shows the evolution of project funding for adaptation and mitigation, separately for single and multi-country projects in both nominal and GE terms.[109] When looking only at single country projects, adaptation result areas take up the largest share (USD 1.050 billion) compared to mitigation result areas (USD 821 million). However, when multi-country projects are considered and when estimating the allocation of funding to LDCs, a greater portion of the approved funding goes to mitigation result areas (USD 1.636 billion) than to adaptation (USD 1.312 billion), which is a consequence of project approvals in the last three Board meetings. However, the distribution of approved funding for multi-country projects is an estimate and does not ensure that an LDC will receive funding at the implementation stage.[110]

146. The total approved GCF funding in LDCs (USD 2948 million) covers the eight GCF results areas (Figure A – 38, in Vol. II). Adaptation financing is relatively evenly distributed across the four result areas, with greater focus on 'Livelihoods of people and communities' and 'Health, food and water security'. The mitigation result area "Energy access and generation" takes up 31 per cent of approved GCF funding to LDCs, or USD 915 million, on its own. The further mitigation result areas of "Buildings, cities, industries and appliances," "Forests and land use," and "Low emission transport" receive lower levels of funding.

147. Landlocked LDCs were allocated 45 per cent of the total approved GCF funding for LDCs at USD 1314 million (Table II-1). Out of the seventeen landlocked LDCs, only South Sudan did not receive any GCF funding. Eight SIDS, on the other hand, are allocated 11 per cent of the total approved GCF funding to LDCs, amounting to USD 323 million. The twenty five LDCs facing fragile and conflict affected situations within their territories have an allocation of USD 1119 million, approximately 38 per cent of the total approved GCF funding for LDCs. Three of the countries facing fragile and conflict affected situations were not allocated any funding, namely Eritrea, South Sudan and Yemen.[111]

148. Turning to the GCF divisions, 66 per cent of the total GCF financing to LDCs (USD 1.947 billion) has been allocated by the Division of Mitigation and Adaptation (DMA), while 34 per cent (USD 1.001 billion) has been allocated by the PSF. As shown in Figure A - 7 in Annex 1 (Vol. II), 25 per cent of GCF financing directed to LDCs is through regional and national DAEs (USD 733 million), while 75 per cent (USD 2.216 billion) is allocated through IAEs. In non-LDCs (which includes both non-LDC SIDS and African States, as well as other GCF-eligible countries) the proportion of funds directed through DAEs is lower, currently at 18 per cent.

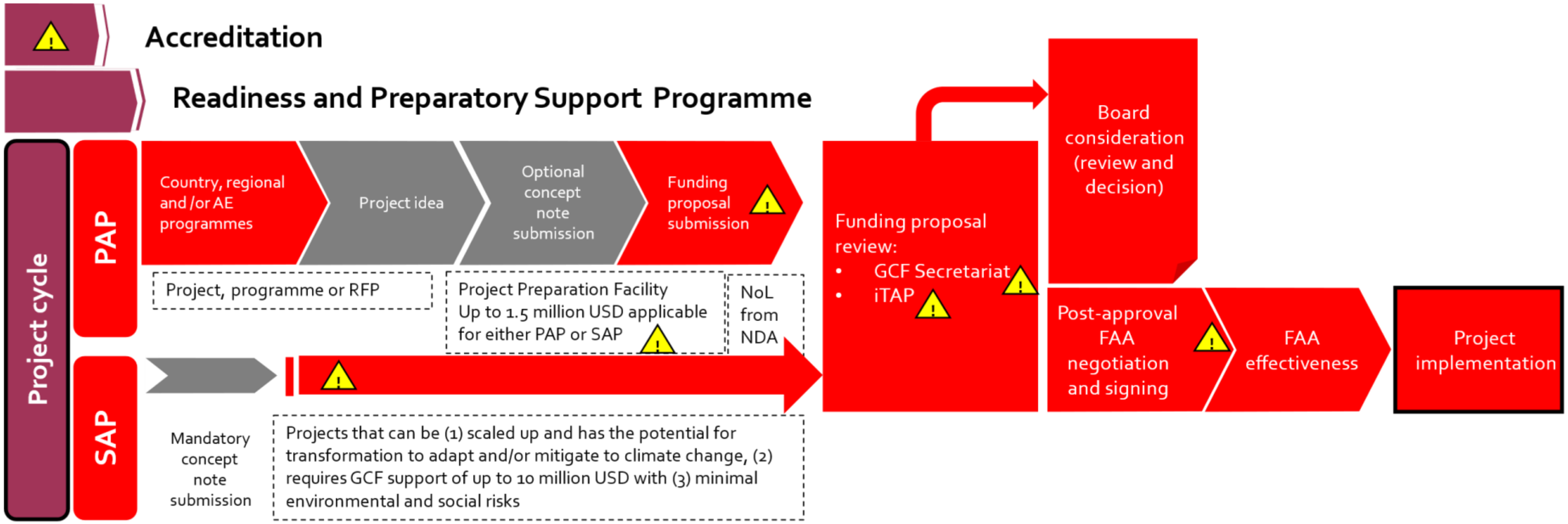
A. GCF PROJECT CYCLE

149. LDCs do not move through the GCF project cycle smoothly. LDCs' engagement in the project cycle is characterized by stretched internal capacity to engage with GCF processes, and national entities

[109] For cross-cutting projects, funding is allocated to adaptation or mitigation depending on the project result areas.
[110] The GCF Secretariat assumes an equal distribution of the total amount of funding to all participating countries. However, readers should treat these estimates with caution as the disbursed funding for adaptation result areas might ultimately exceed mitigation funding.
[111] As highlighted earlier, the LDCs subgroups of landlocked as well as fragile and conflict-affected countries are not mutually exclusive.

struggle to meet the GCF’s standards. Noting these challenges, the GCF has committed to support LDCs through readiness funding (see Chapter V), the PPF to support proposal development, and the SAP to streamline the PAP. An important consideration for understanding the LDCs’ engagement with GCF processes is that the majority of projects in LDCs are implemented by IAEs. Evidence points to upstream and downstream bottlenecks encountered by LDCs. Figure VI-2 shows the project cycle and where processes are slowed or obstructed due to challenges encountered by LDCs in working through GCF procedures.

Figure VI-2. GCF project approval process, simplified approval process and challenges encountered by LDCs



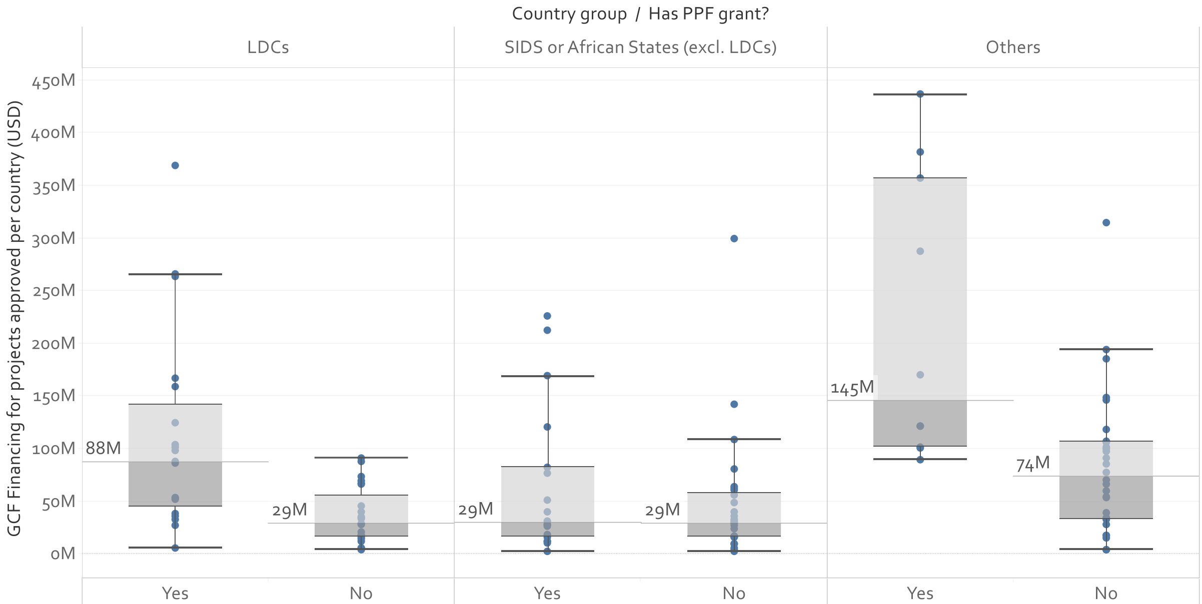
Source: LDCs evaluation team

B. Project Preparation Facility

150. Finding 4(a): More than half of LDCs have not accessed the PPF. A lengthy and resource-intensive process discourages them from applying.

151. The PPF is specifically designed to support AEs for projects in the micro and small-sized category with up to USD 1.5 million in funding. On paper this makes the PPF seem particularly suitable for DAEs in LDCs, as nearly all LDC DAEs (11 out of 14) thus far are accredited for micro- or small-sized lower-risk projects (see Chapter V). Overall, 43 per cent of LDCs (20 countries) have accessed the PPF. An interesting observation, shown in Figure VI-3, is that LDCs that have accessed the PPF seem to have higher project funding on average (USD 88 million) compared with LDCs that have not accessed the PPF (USD 29 million), although we can't attribute this difference solely to the PPF. Surveys carried out as part of this evaluation indicated that AEs had varying reasons for not accessing PPF funding. AEs highlighted a lack of capacity as an issue as well as a mismatch between the priorities of the PPF and the organization's needs. Respondents also highlighted a long and cumbersome process. Notably, most AEs mentioned that they were planning to access the PPF but had just not done so yet.

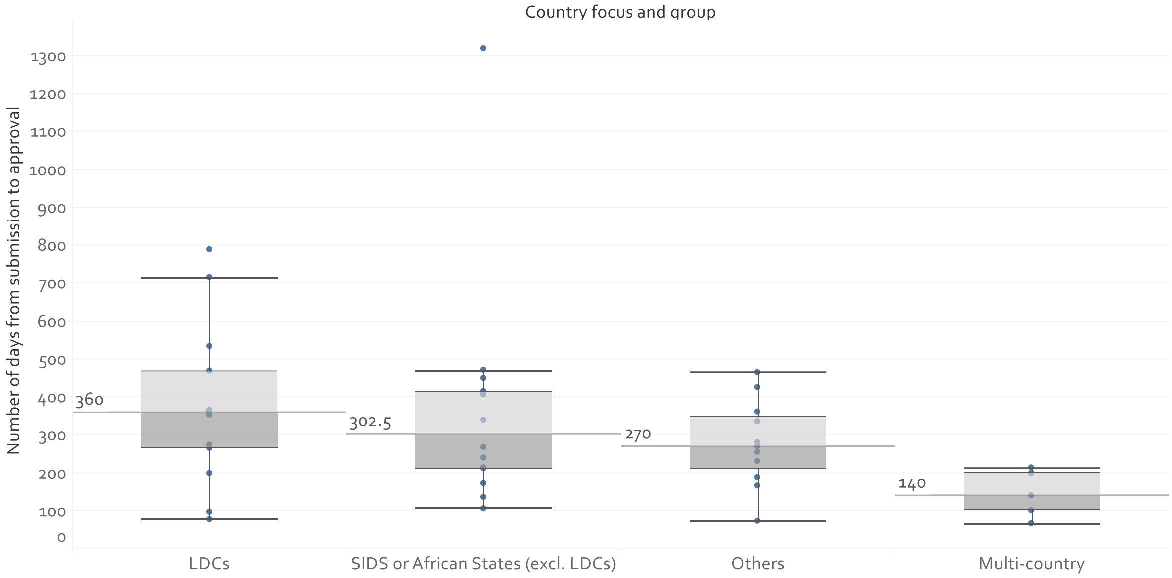
Figure VI-3. Access to PPF grants versus project funding approved



Source: GCF IPMS and Tableau Online Projects and PPF data (October 8, 2021)

152. Overall, it takes LDCs the longest to submit a grant application for the PPF with a median of 360 days compared with 302.5 days for non-LDC SIDS/African States and 270 for other GCF-eligible countries (see Figure VI-4). This is in addition to the length of time it takes to complete the PAP or SAP. In particular, the requirement to include a concept note in the PPF application inadvertently results in investment of more time and effort required by LDCs. These additional requirements function against the intended purpose of the PPF by making it cumbersome to access since the PPF is itself designed to help develop the concept note and funding proposal.

Figure VI-4. Number of days from submission to approval of PPF grants

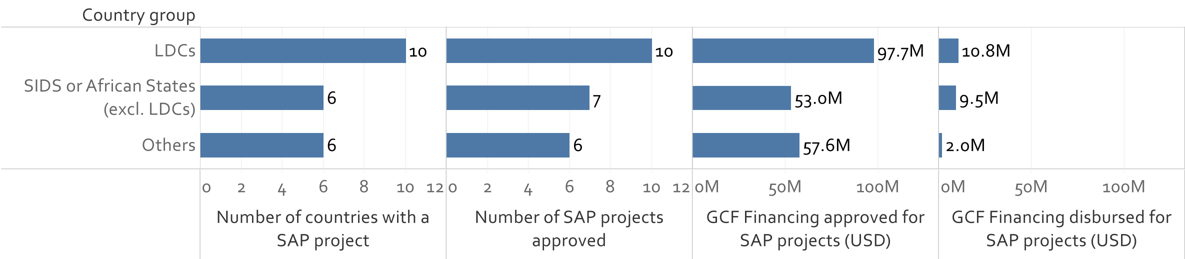


Source: GCF IPMS PPF data (October 8, 2021)

C. The Simplified Approvals Process

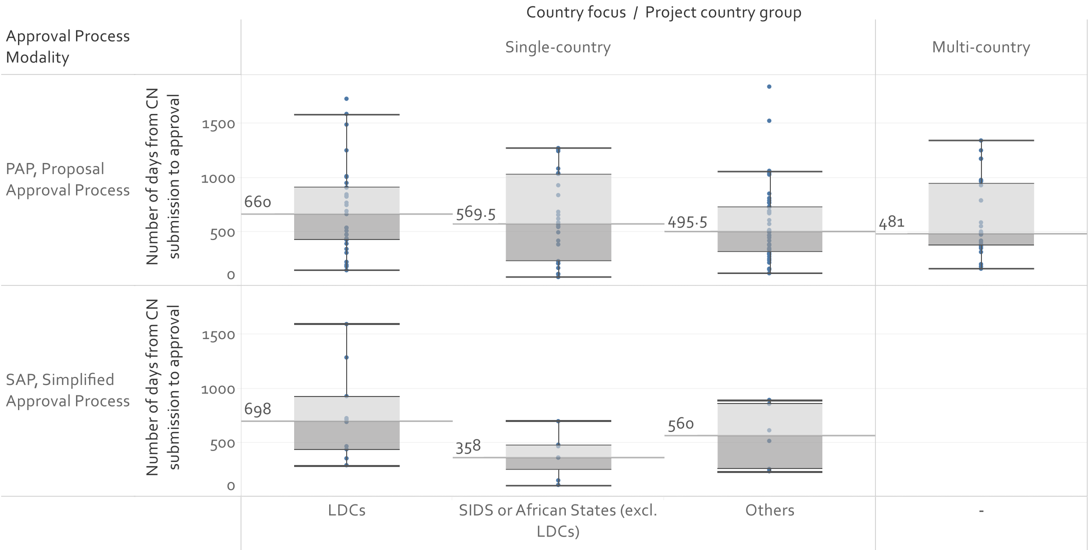
153. **Finding 4(b): The simplified approval process (SAP) was designed to ease access to funding, but it has neither shortened nor simplified the process for LDCs.** The SAP was adopted by the GCF Board in 2017 (Decision B.18/06) to simplify funding requirements and shorten the PAP. The SAP modality is available for all GCF qualifying countries and entities; it is not specifically targeted to LDCs (see Figure VI-5)**.** Based on the small SAP portfolio to date, and as shown in Figure VI-6, LDC projects take on average longer (698 days) for approval through the SAP compared with the PAP (660 days) The longer duration for SAP approval is still the case regardless of having a dedicated SAP team within the Secretariat that has developed tailored guidelines and provides hands-on support. In particular, the added requirement that all SAP proposals need to have a concept note adds an additional step compared with regular GCF processing. Finally, given the funding cap on SAP projects, it is likely to keep LDCs in the grant/low risk funding window that leverages little private sector involvement.

Figure VI-5. Projects through SAP



Source: GCF IPMS Projects and Project disbursements data (October 8, 2021)

Figure VI-6. Number of days from submission to approval – PAP vs. SAP



Source: GCF IPMS Projects data (October 8, 2021)[112]

D. Request for Proposals

154. **The RfP model is not operational in LDCs and has not helped increase access to finance for the private sector and national entities.** The Board, at B.10 in July 2015 through Decision B.10/04 approved the EDA RfP in response to COP guidance to ease access and enhance private sector engagement. The Board approved up to USD 200 million, with the expectation that there would be at least 10 projects approved where at least four projects would be from LDCs, SIDS or African States. However, among the RfP programmes, only Mobilizing Funds at Scale, which aims to catalyse private sector investment through the provision of early stage equity, provided USD 74 million in funding to LDCs (28 per cent of all Mobilizing Funds at Scale financing). The EDA and the MSME windows were regarded as potential pathways for increasing private sector engagement and enhancing access for DAEs. However, for the former, there are a limited number of DAEs in LDCs and none of them have accessed the EDA modality so far. For the latter, the recent RfP evaluation pointed out that the currently approved projects under the MSME cover four countries, none of which are LDCs or SIDS, despite this having been one of the RfP criteria and aims (IEU, 2021a).

E. Project proposal development

155. **Finding 4(c): The GCF concept note and proposal development process is particularly challenging for LDCs, increasing preparation and transaction costs for project development are not considered. Difficulties meeting the stringent climate rationale requirements for adaptation projects are further aggravated by the duplicated review process through the Secretariat and iTAP.**

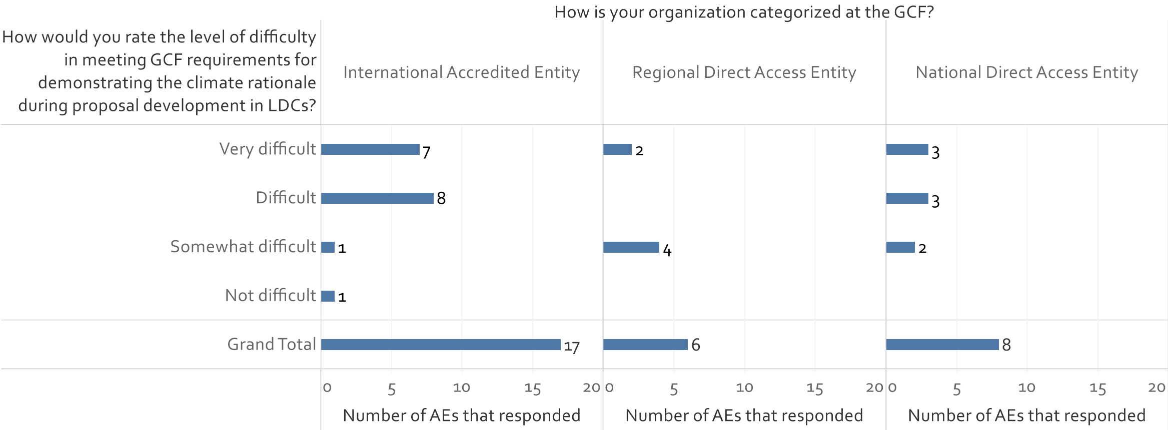
156. Projects targeting LDCs take longer time on average from submission of proposal to approval compared to other country groups. Overall, the median project proposal from concept note submission to approval takes 688 days versus 538 for SIDS/African States and 501 for other GCF-

[112] Some projects are not shown due to missing information.

eligible countries (Figure A – 28, vol II). Primary bottlenecks indicated by interviewees and the survey include a lengthy, uncoordinated and frequently redundant GCF Review Process that increases transaction costs. Once a project is submitted for approval, the response times are long, and the review between reviewers and divisions within the Secretariat and iTAP are not coordinated. According to most interviewed stakeholders, this lack of coordination often results in multiple reviews by Secretariat staff, which include duplicate and sometimes contradictory comments, repeated calls for clarification, as well as additional requests for modifying project designs. Stakeholders need to be repeatedly re-engaged during the project development process and once again when project implementation commences. One survey respondent noted that the "Delays in approval of submitted projects to the GCF are out of step with the climate emergency, and it undermines the Fund's credibility towards the population."

157. **Difficulties with meeting the stringent requirements for demonstrating the climate rationale for adaptation projects may lead to projects being reframed as cross-cutting or mitigation projects to limit the amount of the required climate data.** According to the survey of AEs, most respondents reported that they found it "somewhat difficult" to "very difficult" in meeting the GCF requirement for demonstrating the climate rationale, with one third finding it "very difficult" (see Figure VI-7). Mismatches in the information required by the GCF and iTAP delay project preparation and increase transaction costs. This mismatch raises questions about the quality of the template for proposals which are not conducive to providing the level of information that iTAP seems to expect. Some respondents have indicated that difficulties in meeting the stringent requirements for demonstrating the climate rationale for adaptation projects may lead to projects being reframed as cross-cutting or mitigation projects to limit the amount of the required climate data. Respondents noted that the recently formed Climate Network (C-NET) could play a greater upstream role in supporting the climate rationale aspects of proposal development including involvement at the concept note stage, improving access to data sets and via a link to readiness activities.[113]

Figure VI-7. How would you rate the level of difficulty in meeting GCF requirements for demonstrating the climate rationale during proposal development in LDCs?



Source: IEU survey to AEs (August 25, 2021)

158. **NDA offices as well as GCF Secretariat staff noted during interviews that LDCs have little capacity to write proposals and concept notes. Capacity is also a constraining factor in the**

[113] C-NET is established as a horizontal unit within the GCF which aims to provide support in the integration of climate science in GCF operations.

delivery of approved projects. AEs surveyed as part of this evaluation noted that LDCs need to enhance the capacities of local experts and staff to deliver project activities at the subnational level. Most GCF capacity support is stuck at the national and regional levels and for policy development and strategic papers. During the COVID-19 pandemic, international experts were not able to travel, and working remotely can be challenging for LDCs considering network speed and reliability. More than any other country group, LDCs encountered delays due the COVID-19 pandemic with 61 per cent of LDCs projects facing delays, compared with 47 per cent of single country projects in other GCF-eligible countries, as reported in APR submissions to the GCF Secretariat (see Figure A – 36 in Annex 1, Vol. II of this evaluation). The provision of consultants to design the project and prepare the funding proposal does not always improve the process or lead to long-term benefits. The GCF provides consultants to low-capacity countries to help with the proposal process, yet many concept notes and proposals remain low-quality. While consultants can provide tailored support, interviewees note that obtaining high quality proposals remains an issue.[114]

F. Disbursements

159. **Finding 4(d): Disbursement to LDCs has remained slow and low, compared with other country groups. Lack of legal expertise for DAEs contributed to delays in the funded activity agreement negotiations.**

160. Legal negotiations related to the Funded Activity Agreement (FAA) and high-risk situations contribute to delays from approval to first disbursements in LDCs. There are two times when projects can initiate the process for first disbursement through FAA negotiations. Interviews noted that only IAEs, so far, have been able to commence FAA negotiations prior to Board approval, thus decreasing the time it takes to first disbursement. Respondents highlighted this is partly due to the limited experience of DAEs in negotiating FAAs and especially in fully understanding the obligations that flow from an effective FAA. Evidence reveals that the brunt of the delay occurs during the first stage of the FAA process (from approval to FAA execution). The median time for LDCs to reach disbursement from the date of approval is about 507 days (see Figure VI-10), which is much longer than the estimated time noted (360 days) in the GCF Programming Manual (see Figure VI-11). Non-LDC SIDS/African States and other non-GCF-eligible countries, on average, take approximately 388 and 399 days, respectively. LDCs projects take nearly twice as long as non-LDC countries during the first stage of the process from approval to FAA execution, while they take about the same time as all other projects in the second and third stages.

161. **Interviewees note that the key issues that lead to delays during the early post-approval process are frequently related to legal requirements of the FAA and high-risk situations.** Several GCF divisions (such as the Division of Portfolio Management and ORMC) are involved and must coordinate to clear potential project risks.[115] If any risks seem to jeopardize the FAA, the process may be delayed by any of the divisions. Projects with high political and economic risks also tend to take longer before FAA signature, or if the ORMC decides to delay the project as they perceive the project may not be able to withstand the contextual situation.[116] While not confirmed, but in

[114] Some GCF stakeholders note that the offer simply provides a list of potential consultants, which is not enough to ensure quality service. Other interviewees highlighted that the short-term consultants do little to foster the transfer of skills and competences and should only be seen as a temporary measure.

[115] These risks include on the log frame, gender equity, co-financing, the budget and disbursement plan and project revenues.

[116] Respondents for this evaluation highlighted how the restructuring policy does not work well for all situations, including LDCs, and requires accompanying guidance, especially on how to restructure multi-country projects. In particular,

consideration of the key constraints identified as part of the literature review, it is possible that these issues may arise more often within LDCs than in other country groups. One Secretariat respondent stated that obligations that flow from Accreditation Master Agreement and FAA negotiations to the project can sometimes be quite burdensome for AEs to comply with, especially those AEs which are new and do not have a good understanding of the GCF's policies. In this respect, respondents reflected the Secretariat may wish to consider an upstream form of readiness support dedicated for building capacity to manage legal obligations (and support country ownership). [117]

162. **With only 17.2 per cent, disbursement to LDCs has remained slow and low in LDCs compared with other country groups.** While adaptation in LDCs has seen the largest proportion of disbursement, overall disbursed financing after approval is generally low and has increased the least over the years compared with other country groups.[118] IAEs have received the largest proportion of disbursements. Figure VI-9 shows at 17.2 per cent, the disbursement rate of LDCs is much less than the 37.8 per cent reported for non-LDC SIDS and African States and the 30.4 per cent reported for other GCF-eligible countries. When considering entity type in LDCs, Figure VI-8 shows that the disbursement rate of national DAEs and regional DAEs lags that of IAEs by around half. Figure VI-9 shows disbursement across thematic areas. Disbursement for adaptation in LDCs is 24 per cent while for mitigation it is only 2 per cent. Mitigation did not receive much funding until B.16 with the most significant increase in funding occurring in 2020 at B.26 and B.27. Two (2) per cent (representing USD 10 million) is extremely low considering that from 2017 (B.14) until 2019 (B.25) USD 542 million was approved for mitigation. It is not reported how much of the funding has reached targeted vulnerable groups in LDCs.[119] Disbursements for IAEs are 22 per cent of committed funding (USD 278.5 million from USD 1245.5 million) while national and regional DAEs have received about 0.8 and 9 per cent, respectively, which translates to as little as USD 1.2 million (from USD 153 million) and USD 42.2 million (from USD 472.7 million). This is a disproportionately low amount considering the Board's and the GCF's push to ensure funding in the most vulnerable countries through national entities.

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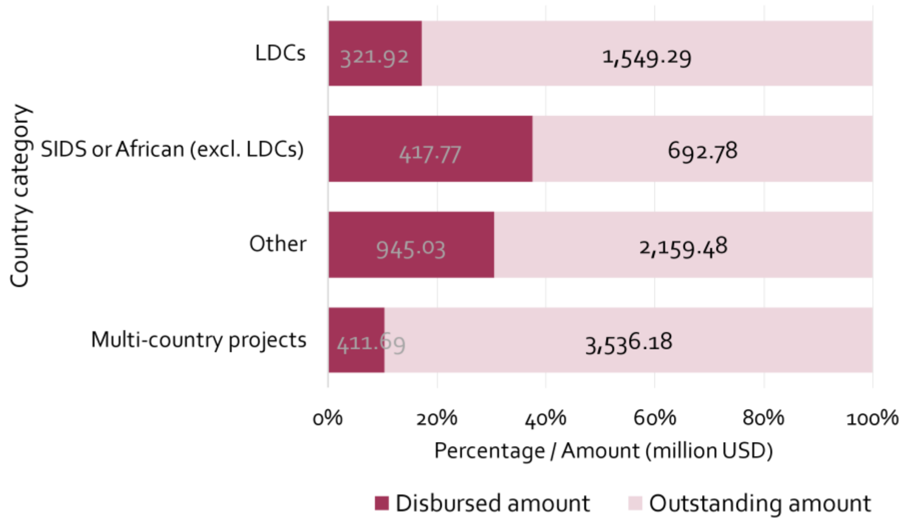
restructuring of multi-country projects require consultations with all involved NDAs which can be cumbersome (and also, to their possible surprise, offers NDAs a point of leverage over IAEs who may not have stayed in contact after the completion of the NoL). This can result in stalled projects as there might not be full consensus on the structure after approval.

[117] Interviewees for this evaluation noted that there should be some "wiggle-room" to delegate some decisions to the GCF Secretariat to make the Fund more operationally effective, in particular with regards to restructuring. However, delegating authority can be a political issue and not everything can be delegated due to the GCF's Governing Structure being unique from other funds. Although not specific to LDCs, respondents highlighted how the clear definition and delegation of responsibility regarding what should be in the hands of the GCF Secretariat (maybe minor technical decisions) and what should be left to the Board (political decisions) could aid efficiency. For example, the GCF Secretariat could make decisions on minor technical changes related to ESS, for example, it would provide more flexibility and could move the process quicker.

[118] There is an important caveat in relation to this finding. When we consider the disbursement status of individual projects in light of the implementation days, the disbursement rate for LDCs is not that low compared to other country categories. For example, the low disbursement rate for mitigation in LDCs is largely due to the mitigation projects of a much larger size that have not yet become FAA effective. Figure A - 26 in Annex 1 (Vol. II of this evaluation) illustrates this caveat in a series of scatterplots and a table which shows the percentage disbursed vs. percentage of implementation duration passed for each GCF project (top) and the number of projects now shown due to FAA not effective yet (bottom).

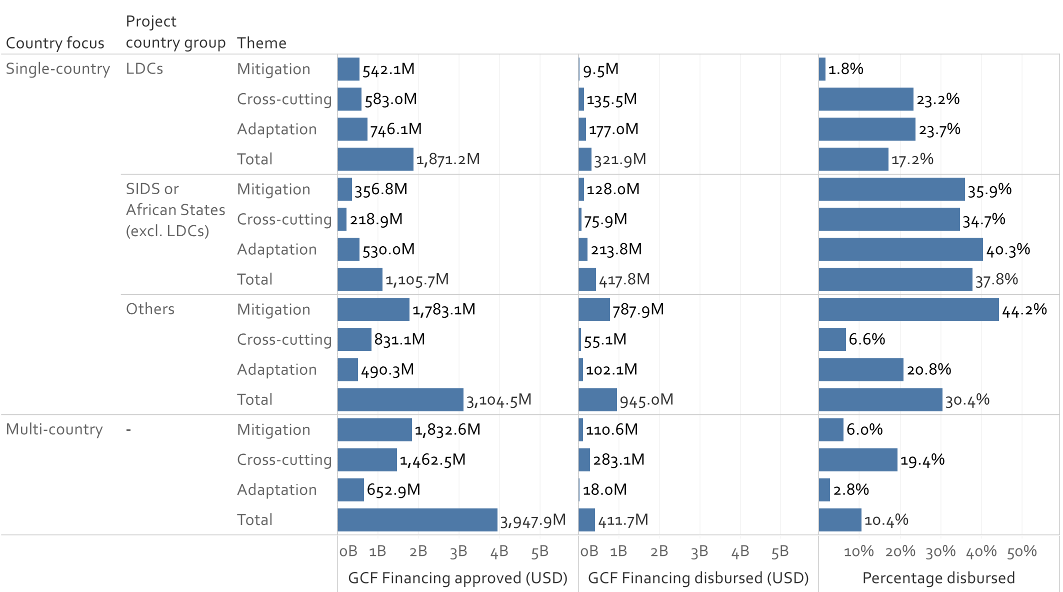
[119] The disbursement rate by financial instrument is displayed in Table A - 2 in Annex 1 (Vol. II of this report).

Figure VI-8. Proportion of fund disbursements according to country categories and AE type in LDCs [120]



Source: GCF iPMS, October 8, 2021, analysed by the IEU DataLab.

Figure VI-9. GCF financing approved and disbursed



Source: GCF IPMS Projects and Project disbursements data (October 8, 2021)

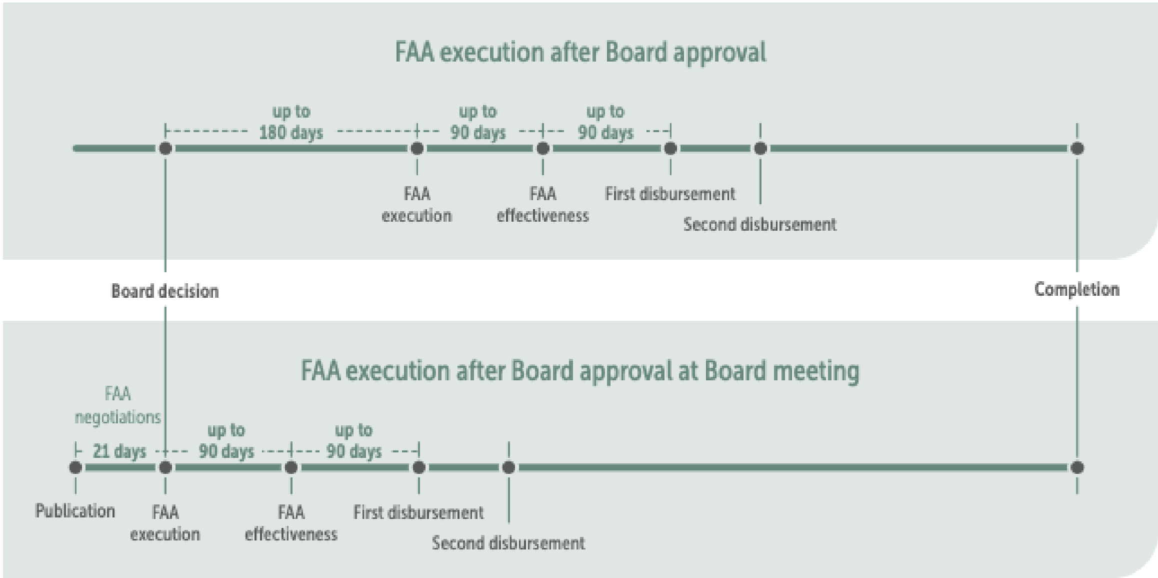
[120] The outstanding amount represents the amount that is approved but is yet to be disbursed.

Figure VI-10. Number of days for the post-approval process

Source: GCF IPMS and Tableau Online data (October 8, 2021)[121]

[121] Some projects are not shown due to missing information or not having reached the respective stage yet.

Figure VI-11. Timeframe from project approval to completion according to the GCF Programming Manual



Source: GCF Programming Manual

163. In general, the FAA negotiations and signing take place after the FP is approved by the GCF. In some cases, the GCF and AE can engage in the FAA negotiation process before the FP is approved with a view to signing the FAA upon approval. This approach facilitates a prompt start to project implementation. This stage is prescribed in the PAP Stage 7 as well as in Clause 6.02 of the AMA.

G. RISKS AND CONTEXTUAL CONDITIONS

164. **Finding 4(e): The Fund's position as a risk-taking institution is limited as it primarily funds low-risk projects. The GCF relies on the experience of IAEs in funding a limited number of projects in high-risk contexts. Overall, the GCF does not offer incentives to AEs to work in LDCs that reflect high risks for project implementation.**

165. There is a common perception amongst AEs and NDAs that the GCF Secretariat and iTAP members tout a one-size-fits-all attitude with little understanding of the context within LDCs**.** Both survey respondents and interviewees for this evaluation note that proposals are not assessed in the individual country context. Interviewees reported that unequal comparisons are made between LDC countries suggesting that all LDCs are the same and thereby ignoring the country context.[122] Chapter VII provides a more in-depth discussion on the structural conditions and risks affecting lasting benefits in LDC projects.

166. GCF projects in conflict affected countries and in areas with high institutional and social fragility largely draw on the capacities of IAEs as they are better positioned to address fragile LDCs partly with their status as international organizations, their experience, capacities, and, in some cases, their country presence. In recent years, funding for these areas has increased, but remains lower than the other LDCs. Around half of the LDCs are categorized as conflict affected areas or countries with

[122] A similar finding was noted in the SIDS evaluation, which found that "the major challenge for project developers [was] not always understanding or aligning projects with GCF requirements, but rather to convince both the GCF Secretariat and iTAP that the project is indeed aligned with the GCF requirements, but just tailored to the socio-economic, environmental, climate change and other contexts that the GCF is not familiar with." (IEU, 2020a)

high institutional and social fragility. They receive about 38 per cent of GCF funding to LDCs. Given risk factors in these countries, this can be considered a significant amount.[123]

167. Implementation in countries with high fragility implies higher costs and requires more flexibility as they often encounter delays and needs for changing implementation planning. During political instability, agencies contact the GCF to seek guidance. In the past, the GCF has provided limited guidelines or criteria for re-engagement, or whether partners can progress with project activities, or should pause implementation. During a political crisis in Fiji, a temporary criterion for re-engagement was developed, which used a cue – namely elections – for when re-engagement could resume. In some cases, the country situation may affect the project in which case the GCF and implementing partners may have to accept a loss. Conflict affected countries and those with high social and economic instability may also encounter longer negotiations on the FAA and greater delays due to higher risks. Projects within refugee areas can experience high political pressure to ensure focus on local populations due to tensions between the host communities and the refugees, or when projects have different agendas compared to the government. Local communities and the government may oppose project interventions. This is even though projects within refugee camps very often have spillover benefits into the local communities. As suggested earlier, interviewees indicate that higher preparation and implementation costs in fragile areas have resulted in IAE projects that are simple to implement and which don’t always respond to country priorities. For example, a recent increase in funding in LDCs was fuelled by funding for mitigation action (not typically a top priority in LDCs, with a large majority of the support provided to the Energy Access and Power Supply).

168. **The Fund’s position as a risk-taking institution is limited as it funds primarily low risk projects.** The majority of the LDCs portfolio is grant-based and consists of public sector projects that are low risk. It is mainly operated by IAEs, and with very little private sector engagement, which gives the impression of the GCF as a low risk institution. Though there has been a steady increase in GCF financing to LDCs over the years, the increase is not as substantial as for non-LDCs (Figure A – 33, Vol. II). This is mainly because the non-LDCs portfolio entails a larger fraction of higher risk and larger projects through other non-grant GCF instruments, particularly results-based payments, equity and loans. Grants take up the largest portion of the LDCs portfolio (52 per cent) among different financial instruments. Furthermore, LDCs projects are primarily categorized in the ESS level of Category B. It is not apparent from the data whether the GCF permits higher risk projects from LDCs to move through the pipeline.[124] However, as noted in the IEU Private Sector evaluation, the GCF does not have a specific plan for interventions in riskier areas and/or riskier projects due to inherent contextual challenges (IEU, 2021b).[125] Overall, there is limited private sector activity in LDCs. Private sector entities reflect that the GCF requires a level of detail that is not relevant to the operating environment in LDCs or that seems built for public sector entities rather than the private sector institutional set-up. Most private sector activity in LDCs is through multi-country programmes which are not yet active. One project is the national DAE Infrastructure

[123] Three of the countries facing fragile and conflict-affected situations have not been allocated any funding yet, namely Eritrea, South Sudan and Yemen, which can be categorized as some of the most vulnerable countries in the world.
[124] The GCF assesses project proposals for compliance, legal, operational, performance, reputation and project specific risks among others. The greatest number of LDCs projects rated as high risk by the Secretariat during the proposal evaluation process was 3 for operational risks, 2 for performance, project specific and reputational risks and 1 each for the rest of the rest of the risks.
[125] This evaluation highlighted that it is unclear if the GCF, in implementing its long-term strategic vision over the 2020–2023 programming period, intends primarily to be i) a high leverage fund that mobilizes the maximum quantity of investment for a given input of public resources, or ii) a high-risk fund mobilizing and catalysing investments in high-risk and new and emerging markets (particularly, for LDCs and SIDS). As the Private Sector evaluation points out, the risk exposure, due to macroeconomic and social risks, are greatest in LDCs.

Development Company Limited with approved funding of USD 256 million (FP150).[86] The other four single country private sector projects are being implemented by Conservation International, Nordic Environment Finance Corporation and two projects by the African Development Bank in Madagascar, Haiti, the Democratic Republic of Congo and Zambia, respectively, with combined GCF project financing of USD 102 million and co-financing of USD 206 million. In the experience of the Nordic Environment Finance Corporation in Haiti implementing SAP13, the project was an "arranged marriage" as there was no AE that was positioned to take on the project. Private sector entities rely on contact information managed by the GCF Secretariat to engage with country stakeholders.

Chapter VII. RESULTS AND IMPACT

Chapter summary

Data on results of GCF projects in LDCs is not always consistent and complete. Gaps in monitoring prevail in the LDCs. There is a lack of independently verified data on project implementation. Based on the AEs' self-reporting through APRs, the LDC single-country projects portfolio has higher CO_2 emission targets as a proportion of annual emissions compared to the entire GCF portfolio, despite contributing a fraction of overall global CO2 emissions. However, the achievement of the targets is still limited with very limited disbursement of only 2 per cent of the approved mitigation funding. There is no systematic data on GCF targeting vulnerable communities. Limited evidence from country case studies and IEU LORTA baseline data suggest that some GCF projects in LDCs, particularly in adaptation, may target vulnerable communities. The variance within gender reporting makes it difficult to make a portfolio level assessments. While the GCF project design is increasingly incorporating aspects related to replicability and scalability, the absence of a framework to address broader LDCs systemic barriers to a paradigm shift is likely to hamper GCF funding for sustained low-carbon and climate resilient development pathways.

169. This chapter consists of three parts.[126] First, the chapter includes an assessment of the expected results based on self-reported data. This part is based on the APRs that are submitted by the AEs to the Secretariat as well as an analysis by the IEU's DataLab on funding proposals. Second, the chapter offers data from the LORTA programme. The chapter offers impact estimates from the Malawi M-Climes project (FP002), the first rigorous impact estimates from a GCF project. It also offers evidence on the characteristics of beneficiaries in three LDCs (Rwanda, Madagascar and Bangladesh) and the effectiveness of GCF targeting. Third, the chapter addresses GCF contributions to a long-term paradigm shift through an assessment of the enabling conditions that would allow the GCF to foster global low GHG emissions and climate resilient development pathways. We initially outline the frameworks the GCF Secretariat uses when managing for results before assessing the quality of the monitoring data available to the Fund.

170. While not specifically focused on LDCs, the Integrated Results Management Framework (IRMF) [127], approved in July 2021, provides the overall framework for linking the contribution of GCF activities to results. AEs are required to report progress each year in their annual performance reports against a range of impact indicators, based on existing mitigation and adaptation performance measurement frameworks. These impact indicators are detailed in Table VII-1. The GCF also utilizes six investment criteria to review and approve the FPs submitted by AEs.[128] Investment criteria are used by the GCF Secretariat to assess the merits of project proposals (GCF, 2020). The GCF's Initial Investment Framework includes several impact indicators which the Secretariat uses to score

[126] The chapter draws on a range of evidence, including from APRs, the IEU's LORTA programme, the IEU's DataLab, evidence obtained during the country case studies carried out during this evaluation and from the reviews of scientific and technical literature.
[127] GCF/B.29/14.
[128] Per decision B.05/03, B.07/06, B.09/05. See also decision B.22/05 the GCF investment criteria include: Impact potential, paradigm shift potential, sustainable development potential, needs of the recipient, country ownership, efficiency and effectiveness.

projects on their impact potential at four levels: low-medium, medium, medium-high and high.[129] The IEU's Adaptation evaluation found that for many adaptation projects (29 out of 67), which are particularly relevant for LDCs, the investment criteria assessment has been marked as not applicable, including the "impact potential" indicator, suggesting the Secretariat found it hard to make assessment *ex ante*. Other frameworks used at this early stage include the monitoring and accountability framework for AEs and the risk management framework (Binet and others, 2021).

Table VII-1. GCF-level impact indicators from mitigation and adaptation performance measurement frameworks

Indicator ID	Impact indicator name
M1.1	Tons of carbon dioxide equivalent (tCO2eq) reduced or avoided as a result of increased low emission energy access and power generation
M2.1	Tons of carbon dioxide equivalent (tCO2eq) reduced or avoided as a result of increased access to low emission transport
M3.1	Tons of carbon dioxide equivalent (tCO2eq) reduced or avoided as a result of buildings, cities, industries and appliances
M4.1	Tons of carbon dioxide equivalent (tCO2eq) reduced or avoided as a result of sustainable management of forests and conservation and enhancement of forest carbon stocks
A1.1	Change in expected losses of lives and economic assets due to the impact of extreme climate-related disasters in the geographic area of the GCF intervention
A1.2	Number of males and females benefiting from the adoption of diversified, climate resilient livelihood options (including fisheries, agriculture, tourism, etc.)
A1.3	Number of Fund funded projects/programmes that supports effective adaptation to fish stock migration and depletion due to climate change
A2.1	Number of males and females benefiting from introduced health measures to respond to climate-sensitive diseases
A2.2	Number of food secure households (in areas/periods at risk of climate change impacts)
A2.3	Number of males and females with year-round access to reliable and safe water supply despite climate shocks and stresses
A3.1	Number and value of physical assets made more resilient to climate variability and change, considering human benefits (reported where applicable)
A4.1	Coverage/scale of ecosystems protected and strengthened in response to climate variability and change
A4.2	Value of ecosystem services generated or protected in response to climate change

A. Quality of monitoring data

171. **Finding 5(a): Data on results of GCF projects in LDCs is not always consistent and complete. Gaps in monitoring prevail in LDCs. Measures to independently verify data on project implementation and results have not been fully operationalized. There is no system in place for risks-based annual reviews or annual ad hoc project checks to assess the veracity of data.**

[129] The IEU's Adaptation Evaluation (Binet and others, 2021, pp.108) highlighted that these impact indicators "provide an indicative assessment factor for projects and include, among others, the expected total number of direct and indirect beneficiaries, the degree to which the activity avoids lock-in of long-lived climate-vulnerable infrastructure and the expected increase in generation and use of climate information in decision-making."

172. This section on short term results utilizes data obtained from the aspirational objectives in project proposals and from unverified APRs submitted by AEs (on the number of beneficiaries reached and emission reduction amounts). APRs are the main source of information on the implementation progress of GCF projects, but there is no system in place to verify reports or spot check the veracity of data or compare GCF data with actual project activity and results at the country level. This information should be used carefully as it is not clear how different projects derive the number of beneficiaries. There is also a high probability that projects working with overlapping populations are double-counting beneficiaries as there is no reconciliation carried out by the Secretariat (on this topic, see Binet and others, 2021).

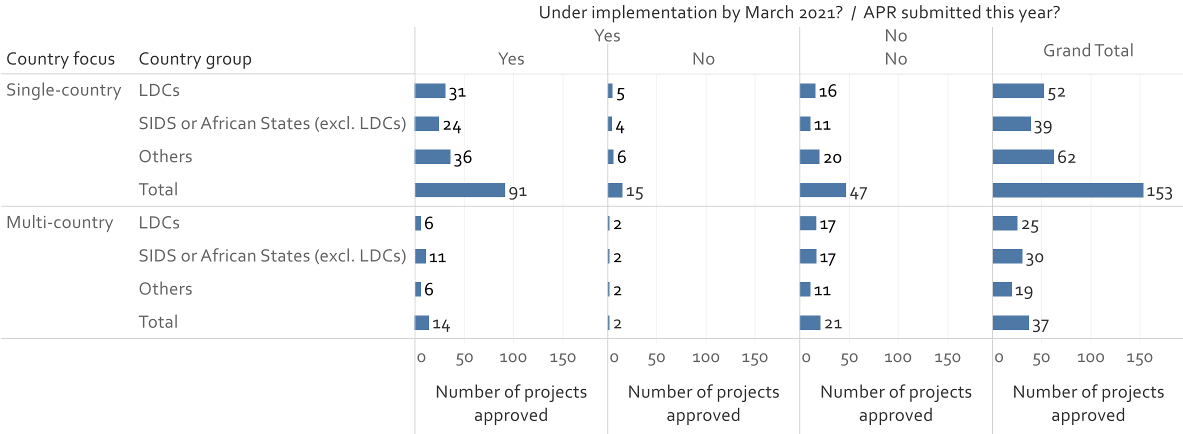
173. The assessment of results as part of this evaluation also faced further constraints: a ‘young’ project portfolio and uneven reporting on results across the portfolio, not only for projects in LDCs but in all GCF countries. First, given the relative nascency of the GCF portfolio, there is very little evidence available to assess the extent of results and impact of GCF support. As of October 8, 2021, out of a total 77 Board approved projects in LDCs (amounting to USD 2.9 billion in GCF financing),[130] only seven projects have been under implementation for more than three years. Therefore, most projects have not yet reported on results. For example, in Haiti, two projects have recently received their first disbursement and one just signed the FAA. Figure VII-1 shows that of the 44 LDC projects under implementation as of March 2021 (when APRs were submitted) 37 projects submitted APRs.

174. The monitoring and accountability framework (MAF) addresses, among others, roles and responsibilities regarding accreditation, annual self-assessments, midterm reviews, final evaluations and reaccreditation frameworks for AEs, NDAs and the Secretariat. The MAF has been operationalized with regards to APRs, midterm reviews and final evaluations. However, tools still pending include the development of an early warning system based on risks flags (project and AE risks), the conducting of ad hoc projects checks on a yearly random basis, and the conducting of a risks-based annual review on a given number of projects and programmes. Without these, the GCF has currently neither control over compliance with ESS and fiduciarily standards nor adequate information to enable it to take remedial measures.

175. Overall, the evaluation team had access to very little independently generated evidence. The evaluation carried out five country case studies with project deep dives and a desk review of GCF support in the Pacific SIDS and has utilized LORTA data as illustrated below. Given the scarcity of systematically generated independent evaluative information, in some instances the evaluation team resorted to analysing expected results which are based on the GCF Secretariat’s assessments and aspirations in project objectives. The evaluation also used modelling that draws on the existing technical and scientific literature to complement and triangulate GCF related evidence. This modelling work explores the transformational potentials of GCF support.

[130] Source: IEU DataLab

Figure VII-1. Number of projects with and without an APR(s)



Source: GCF IPMS Projects data (October 8, 2021), APR data (March 2021), as analysed by the IEU DataLab

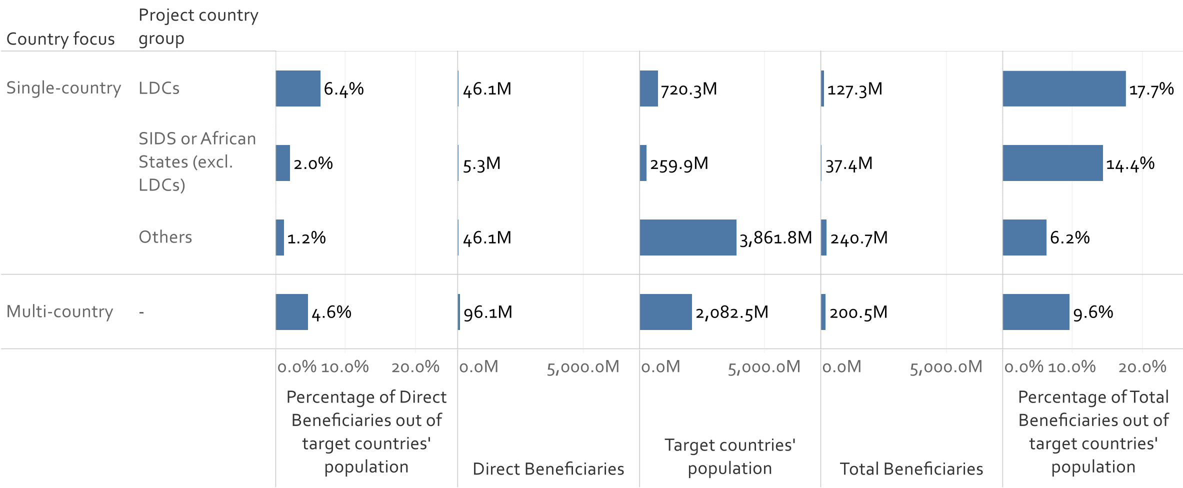
Note: Regarding the categories at the top of the chart, the upper row of Yes or No indicates response to "Under implementation by March 2021?", and the lower row of Yes or No indicates response to "APR submitted this year?".

B. SHORT TERM RESULTS

176. For single country adaptation and cross-cutting projects, 6.4 per cent of the populations of LDCs are prospective direct beneficiaries of GCF adaptation or cross-cutting projects, compared to only 2 per cent of the populations of non-LDC SIDS and African States and 1.2 per cent of the populations of other GCF-eligible countries.[131] The number of prospective beneficiaries within the GCF's current portfolio of single country projects in LDCs reported by AEs is 46.1 million direct beneficiaries and 127.3 million total beneficiaries (which includes both direct and indirect beneficiaries). The number of reported beneficiaries in single country projects in LDCs compares to 5.3 million direct beneficiaries and 37.4 million total beneficiaries in non-LDC SIDS and African States. Other GCF-eligible countries target 46.1 million prospective direct beneficiaries and 240.7 million total beneficiaries. Multi-country projects contain a larger number of direct beneficiaries at 96.1 million but a similar number of total beneficiaries to other GCF-eligible countries. Figure VII-2 shows these figures in terms of the proportion of populations.

[131] There is a high probability that projects work with overlapping populations.

Figure VII-2. Percentage of beneficiaries out of target countries' population



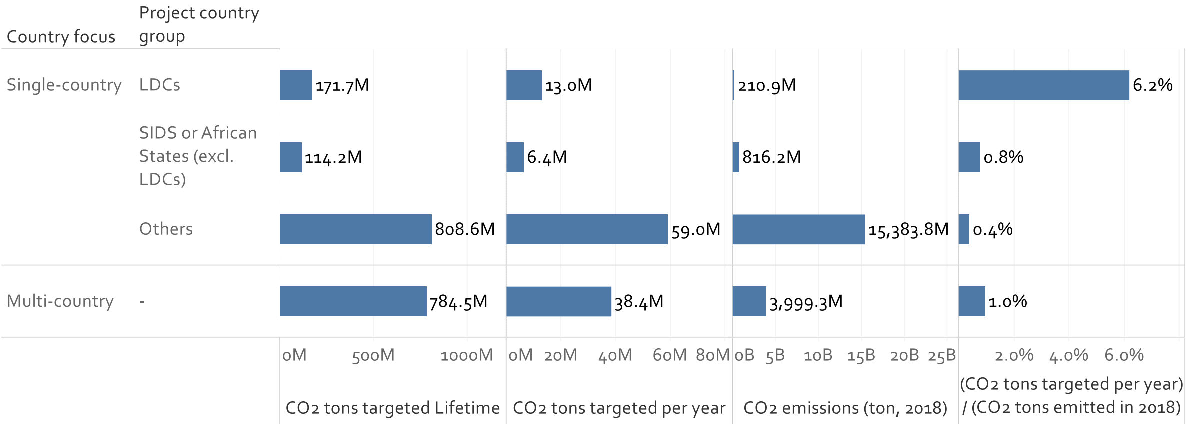
Source: GCF IPMS Projects data (October 8, 2021), as analysed by the IEU DataLab

177. **Finding 5(b): The LDC single-country projects portfolio has higher CO2 emissions targets as a proportion of annual emissions than the rest of the GCF portfolio, despite contributing a fraction of overall global CO2 emissions. However, the achievement of the targets is still limited, with very limited disbursement of only 2 per cent of the approved mitigation funding.**

178. As compared with other country groups, LDCs contribute minimally to global CO_2 emissions.[132] Nevertheless, the number of CO_2 tons (tCO2) targeted through mitigation and cross-cutting projects is substantial. Single country projects in LDCs aim to reduce 13 million tCO2^e, which is double the amount in non-LDC SIDS and African States (at 6.4 million) whilst projects in other GCF-eligible countries aim to reduce emissions by 59 million tCO2^e. The aim for LDCs, at 13 million tCO2^e, far exceeds the average amount of CO2^e produced by LDCs. Figure VII-3 shows these prospective figures as a proportion of per annum estimated CO2^e emission from these country categories. What is immediately apparent is that at 6.2 per cent of annual emissions, GCF projects in LDCs target a much higher level of emission reductions compared to SIDS and African States (0.8 per cent), or other GCF-eligible countries (0.4 per cent). The gulf between LDCs and other GCF-eligible countries would likely increase if historical emission trends in these country categories were accounted for.

[132] The WB data finds that although CO2 emissions are gradually increasing in LDCs, it is still a fraction of the emissions produced by other country groups. In 2018, the average emissions from LDCs were 0.335 tCO2 as compared with 3.698 from middle income countries and 10.225 tCO2 produced by high income countries.

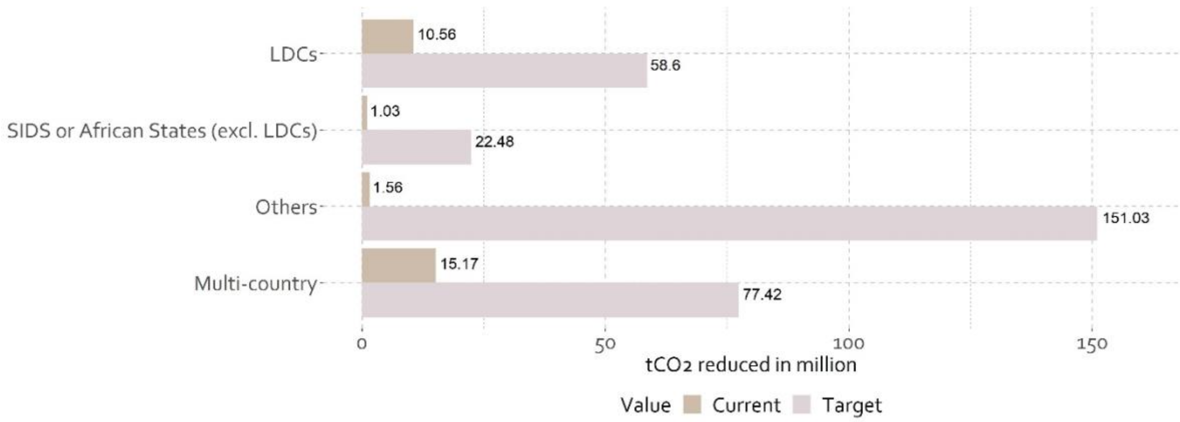
Figure VII-3. CO2 tons targeted per year vs. CO_2 tons emitted by countries in 2018



Source: GCF IPMS Projects data (October 8, 2021), WB CO_2 emissions by country (2018), as analysed by the IEU DataLab

179. Concerning the single-country projects, the LDCs country group has the highest amount of reported tCO2[e] reductions based on the APRs. Figure VII-4 shows the amount of tCO2[e] reduced by GCF projects under implementation based on AEs which have reported in terms of the target set by those projects. This totals to 10.56 million tons (around 18% of the target). This is much larger than 4.6% for SIDS or African States (excl. LDCs) or 1% for other GCF-eligible countries. Considering that only 2% of mitigation projects' funding has been distributed to date, it is possible the higher reported tCO2[e] reductions in LDCs could be from disbursed cross-cutting projects.

Figure VII-4. Mitigation core indicator 1. tCO2 reported reduced as a result of GCF activities (current and final target values)



Source: APR data (March 2021), analysed by the IEU DataLab

C. Extent of benefits for climate vulnerable populations

180. Considering the nascency of the GCF portfolio, the evaluation looked for indications that GCF projects are targeting climate vulnerable populations and for any evidence so far that projects are likely to or have resulted in benefits for climate vulnerable populations. The information presented in this section has been independently generated through case studies or the LORTA programme. Secondary data has also been used.

181. **Finding 5(c): There is no systematic data on GCF targeting vulnerable communities. Although not representative of the portfolio, evidence from country case studies and the baseline data from the IEU's Learning-Oriented Real-Time Impact Assessment from Rwanda, Madagascar and Bangladesh suggest that GCF projects in LDCs, particularly in adaptation, may target vulnerable communities.**

182. LORTA analysis checked the targeting of GCF projects by comparing project beneficiaries with the average characteristics within the districts where projects are being implemented.[133] For this purpose, the LORTA analysis includes three LDCs projects: "Strengthening climate resilience of rural communities in Northern Rwanda" (FP073), "Sustainable Landscapes for Eastern Madagascar" (FP026 - SLEM) and "Enhancing adaptive capacities of coastal communities, especially women, to cope with climate change induced salinity" (FP069) in Bangladesh. In all cases, household level baseline data was used. For Rwanda, the analysis compared key sociodemographic characteristics of the sample of target beneficiaries with secondary data representative at the Gicumbi district level.[134] Turning to Madagascar, baseline data is used to compare key sociodemographic characteristics of the sample of target beneficiaries with secondary data representative of the seven regions where the SLEM project intervenes.[135] [136] In Bangladesh, as part of the targeting for the program, census data was collected in January 2021. The census data collection included 66,171 households and was used to compare the sociodemographic characteristics of beneficiaries from baseline data collected in September and October 2021.

183. In **Rwanda**, project beneficiaries are more vulnerable than the average household in the district. The comparison of the sociodemographic characteristics of target households with a representative sample of the Gicumbi district reveals that target households have, on average, a lower level of literacy, and are less likely to own land and more likely to live in a dwelling made of lower quality materials. These results hint at the greater vulnerability of households within the target area of the Gicumbi project.[137]

184. In **Madagascar**, the comparison found that there is little difference between the target beneficiaries of the SLEM project and households residing in the same regions in terms of key sociodemographic characteristics. However, two characteristics that do differ between the two samples are gender and ethnicity of the household head.[138] Fewer women are heads of household among SLEM target

[133] Annex 8 (Vol. II of this evaluation) presents the means and standard deviations of the beneficiaries' background characteristics from LORTA baseline samples from Rwanda and Madagascar for visual comparison with the same statistics from secondary data sources.
[134] This descriptive analysis provides a basis for assessing whether sub-populations of the Gicumbi district are more likely to benefit from the GCF investments in the country. For this purpose, existing (recent) secondary datasets were reviewed and the Integrated Household Living Conditions Survey was identified as the most suitable due to the type of indicators measured and the representativeness of the sample at the district level.
[135] The survey is based on a random sample of 11,284 households in areas affected by malaria, which also covers the SLEM project's area of intervention. The findings of the survey are representative at the regional level. Additionally, the analysis includes another, more recent, nationally representative survey, the Afrobarometer 2018. This secondary dataset contains observations on 1,200 households.
[136] Due to its smaller sample size, this survey is not representative at the regional level. Hence, the statistics from this second survey should be considered with caution. Annex 8 (Vol. II) presents an overview of the two samples using a set of indicators summarizing key socio-demographic indicators, and a list of human, natural and physical capital owned by the interviewed households available in both data sources. The final list of indicators was chosen based on the availability of the indicators in both datasets and similarities in their measurement. The table presents the mean of each indicator along with the standard deviations (shown in parentheses).
[137] Karbala and Sadania (2021)
[138] Household heads are comparable in terms of age, being on average 44 years old among SLEM target households against 42 years old in the MIS. Turning to literacy, the share of illiterate household heads reaches almost 30 per cent in both the SLEM and MIS samples. Though the share of heads of household who have not completed any level of education is very similar across the two surveys (around 20 per cent), the SLEM sample exhibits a lower share of heads having completed a secondary level of education or above (17 per cent against 38 per cent in the MIS sample).

beneficiaries, while the share of beneficiaries from one ethnic group is larger. A larger share of households is headed by men among SLEM target households (90 per cent) in comparison with households in similar regions (74 per cent in the Malaria Indicator Survey (MIS) 2016 and 80 per cent in the Afrobarometer survey).[139] The difference in terms of ethnic composition is particularly striking and linked to the location of the SLEM project in proximity to the protected forest areas of Eastern Madagascar.[140]

185. In **Bangladesh**, overall, the comparison of the project targeting criteria of target households with a representative sample of the project districts reveals that targeted households have, on average, less income (monthly and daily per household member), are more likely to have a household member with a disability or chronic illness, are more reliant on agriculture or fishing-related daily labour, less likely to own agricultural land, and are more likely to own less land. In targeted households, on average, women are more likely to be solely responsible for fetching water. Moreover, taking into consideration other sociodemographic characteristics, targeted households, on average, have a lower level of literacy and education (except for primary education) and are more likely to live in a non-permanent dwelling. These results hint to a greater vulnerability of targeted households compared to non-targeted households residing in the project districts.[141]

186. Case studies carried out by this evaluation found that GCF adaptation projects target climate vulnerable populations, but it is too early to say if this is the same for the portfolio as a whole or mitigation projects. For example, project FP058 in Ethiopia targets communities who are among the most vulnerable to the effects of drought. Community selection is based on community vulnerability to drought.

187. From LORTA, quantitative impact evaluation estimates and qualitative data from one completed GCF project show indications of reaching and delivering benefits to climate vulnerable populations.[142] Robust impact evaluation estimates and qualitative data from the Malawi case study found that the project (FP002) “Scaling up the use of modernized climate information and early warning systems in Malawi” (M-Climes) targets climate vulnerable fishing and farming communities.[143] One of the pillars of the M-Climes project is the Participatory Integrated Climate Services for Agriculture (PICSA). PICSA makes use of historical climate records, participatory decision-making tools and forecasts to help farmers identify and better plan livelihood options that are suited to local climates. Evidence generated by LORTA suggests that PICSA had a statistically significant and positive impact in building adaptation capacity of farming households that face the risks of climate change and climate variability. In particular, LORTA found that project beneficiaries are much more likely to use seasonal forecasts to plan farm decisions, almost twice as likely to make crop diversification decisions and twice as likely to make changes in crop activity. Finally, the project analysis finds a substantial increase in maize yields which represents an increase

[139] This difference could be explained by the sampling strategy of the SLEM survey, focusing on members of specific producer associations, as women-headed households are less likely to join these particular associations. Note that the SLEM project also targets women associations which are not covered by the survey. This limitation should be kept in mind when analyzing the impacts of the project based on this study sample.
[140] Sadania and Mewes (2021)
[141] The IEU’s LORTA team assessed the comparability of the sample of target beneficiaries of the project compared to households not targeted by the project living in the same districts using census data collected by the project team. See Avdeenko and others (2021).
[142] See Aladysheva and others (2021)
[143] Through the M-CLIMES Project, the GCF is helping Malawi put in place the conditions that will reduce climate vulnerability of local communities. GCF support has strengthened interventions for (a) improving safety on the lake (safety at sea) for populations based in lake shore areas and (b) supporting the development of agronomic advisories for improving agriculture production, hence improved livelihoods. The benefits of the GCF project are recorded from two major perspectives: as (a) a life-saving mechanism especially for the fishing communities along Lake Malawi and (b) an enabler of agricultural productivity for smallholder farmers.

of greater than 60 per cent over the control group mean. However, the LORTA analysis does not find significant impacts on food security measured by the food expenditures or subjective measure of worrying about food shortage during the past 30 days. Qualitative data from the Malawi case study provided a similar finding as shown below in an excerpt of testimony on the impact of the project from beneficiaries of FP002 in Malawi.

Box VII-1. Testimonies by beneficiaries of GCF projects in Malawi

"In the past, the winds on the lake used to kill our fellow fishermen mainly because we were not receiving the right messages on weather updates. Fishers could just go into the lake without knowing what the weather would be like. An estimated 10 to 20 people could die in one fishing season per year. Nowadays, cases of fishers drowning in the lake have almost reduced to zero per year due to the installation of lake buoys on the lake right here in Monkey Bay. The lake buoys transmit weather updates about how the wind is blowing on the lake, therefore acting as an early warning system. Almost all radio stations include weather updates for that day or the entire week after they have announced the news. We also receive messages on weather updates in our phones that also help save our lives"

-- Fishing community member, Monkey Bay --

"On a field where I usually harvest 8-11 (50 kg) bags of maize, this past season I harvested 15 bags. I attribute the bumper harvest to the weather forecasts and agronomic advisories that we received through the PICSA approach."

-- Smallholder farmer, Nazinomwe section, Nsondole Extension Planning Area, Zomba --

"I followed the advice from PICSA: I planted early maturing varieties, I followed early weeding, early bunding and early harvesting. As a result, where I used to harvest 18-20 bags, this year I have harvested 32 bags."

-- Lead farmer, Nazinomwe section, Nsondole Extension Planning Area, Zomba --

188. More broadly, when looking at the adoption of climate resilient technologies, many respondents mention the usage of innovative agricultural solutions to adapt to the changing climate. For example, 39 per cent of the LORTA baseline sample in Rwanda, 88 per cent in Madagascar and 56 per cent in Malawi altered their agricultural practices such as adding crop varieties, using pest management and fertilizers in response to extreme weather. Water management solutions that include improvements in irrigation and wastewater utilization are also frequently reported (Table VII-2). Overall, the data suggests a pronounced demand for adaptation solutions in these three projects.

Table VII-2. Per cent of households that report using at least one climate resilient technology of the specified type

Category	Percentage of households that report using at least one climate resilient technology of the specified type		
	Rwanda	Madagascar	Malawi
Innovative agricultural decisions	39%	88%	56%
Water management	40%	67%	10%
Other	20%	9%	18%

Source: LORTA Rwanda baseline data,[144] as of 13.10.2020; LORTA Madagascar baseline data, as of 29.04.2020; LORTA Malawi baseline data, as of 21.07.2020, analysed by the IEU DataLab

D. Impacts for women and girls supported through GCF interventions

189. **Finding 5(d): Projects in LDCs consistently disaggregate the number of targeted beneficiaries by gender. However, the variance within gender reporting makes it difficult to make a portfolio-level assessment.**

190. In LDCs, the main area of impact for women and girls is support for women's livelihoods and job creation. This aligns clearly with the GCF Gender Policy which recognizes that "gender relations, roles and responsibilities exercise important influences on women's and men's access to and control over decisions, assets and resources, information, and knowledge." The focus of GCF interventions appears to be addressing gender equality and women's empowerment largely through economic and social empowerment. The majority of projects focus on income diversification and job creation while access to finance for women and bringing women into leadership roles in decision making is included in some projects (see Annex 5, Vol. II of this evaluation).

191. Projects in LDCs consistently disaggregate the data for how many beneficiaries are women. Of the 52 single country projects approved for LDCs, 36 (69 per cent) indicate the percentage of women that are direct beneficiaries. This is comparable with the non-LDC SIDS or African States (28 out of 39 projects or 72 per cent) but is, proportionately, higher than 35 out of 62 projects in the country group that are other GCF-eligible countries (56 per cent). This may be a product of heightened attention to gender disparities in LDCs.[145] Of the LDCs projects that indicate the percentage of direct female beneficiaries, the majority estimate a 50:50 gender split. However, two projects (FP011 Gambia and FP058 Ethiopia) appear to have made a more precise calculation of the direct female beneficiaries.

E. The GCF's likely contributions to system changes leading to a paradigm shift in LDCs

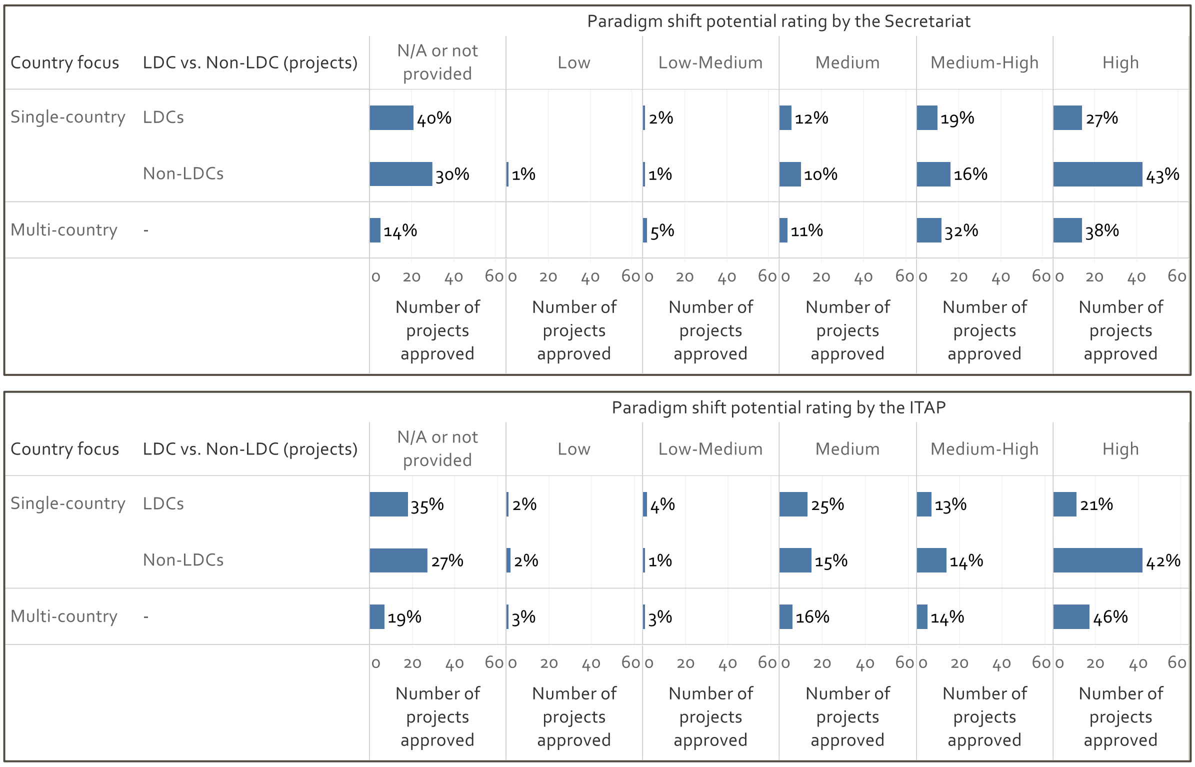
192. The long-term goal of the GCF is clear: build developing countries' capacities to respond to the challenges of climate change by shifting towards low emission climate resilient development

[144] Sample sizes for Rwanda, Madagascar and Malawi are 651, 1822 and 831 respectively.
[145] The following projects report the proportion of females out of the current direct beneficiaries in their APR reporting: Kenya FP005 Rwanda FP011 Gambia FP012 Mali FP021 Senegal FP050 Bhutan FP049 Senegal FP058 Ethiopia FP074 Burkina Faso FP070 Bangladesh SAP008.

trajectories. Such a long-term goal pertains to a complex process that is likely to take a long time and depends on multiple factors and multiple actors. The GCF's USP has not defined a paradigm shift as a specific outcome of GCF support but recognizes that paradigm shifts are complex and has identified scalability and replicability as two specific factors supporting a paradigm shift. This section seeks to assess the extent to which the GCF is supporting conditions likely to contribute to a paradigm shift.

193. The GCF Secretariat and iTAP independently carry out *ex ante* reviews of GCF projects at the design stage for their likelihood of contributing to a paradigm shift.[146] While there are important data gaps in this information, Figure VII-5 indicates that both reviews independently arrive at very similar portfolio level ratings for the LDCs portfolio. Approximately 25 per cent of LDCs projects are rated by iTAP as medium, and 4 per cent and 2 per cent are rated as low-medium and low, respectively, on the extent to which design incorporates aspects related to a paradigm shift. These ratings are very similar to ratings of all other non-LDC projects in the portfolio (see Figure VII-5).[147]

Figure VII-5. Comparison of paradigm shift potential ratings by the GCF Secretariat (top) and the Independent Technical Advisory (bottom)



Source: Secretariat's and Independent Technical Assistance Panel's assessments (October 8, 2021), as analysed by the IEU DataLab

194. Finding 5(e): GCF's support of sustained low-carbon and resilient development pathways is hampered by systemic barriers to paradigm shift in the LDCs.

195. Despite the indications of benefits to local populations and the attention to replication and scaling up during project design, GCF support does not fully consider broader structural and systemic conditions and barriers that are likely lead or constrain a low carbon climate resilient development

[146] The GCF Secretariat rates project proposals for their potential to induce a paradigm shift. This is also a form of self-reporting as these assessments are carried out by officers responsible for shepherding project proposals through the project approval process.
[147] The non-LDCs category includes both non -LDC SIDS and African States as well as other GCF-eligible countries.

trajectory in LDCs. The evaluation team used system modelling to assess the extent to which the GCF portfolio addresses the conditions enabling system change (Zazueta, 2021). Given the data limitations available for modelling, this analysis is presented as indicative, not definitive, of the conditions and capacities for a paradigm shift addressed by the GCF portfolio.[148] To construct this model, the evaluation team carried out a review of the technical literature to identify the conditions conducive to a low carbon and climate resilient developmental trajectory in LDCs. This review yielded 18 conditions in six domains (see Table VII-3). The analysis also identified the extent to which each condition contributed to other conditions in the system and applied a mathematical model, Decision-Making Trial and Evaluation Laboratory, to calculate the influence of each condition across other conditions in the system (Figure VII-6). Annex 7 (in Volume II of this evaluation) presents a detailed description of the method used and the findings.

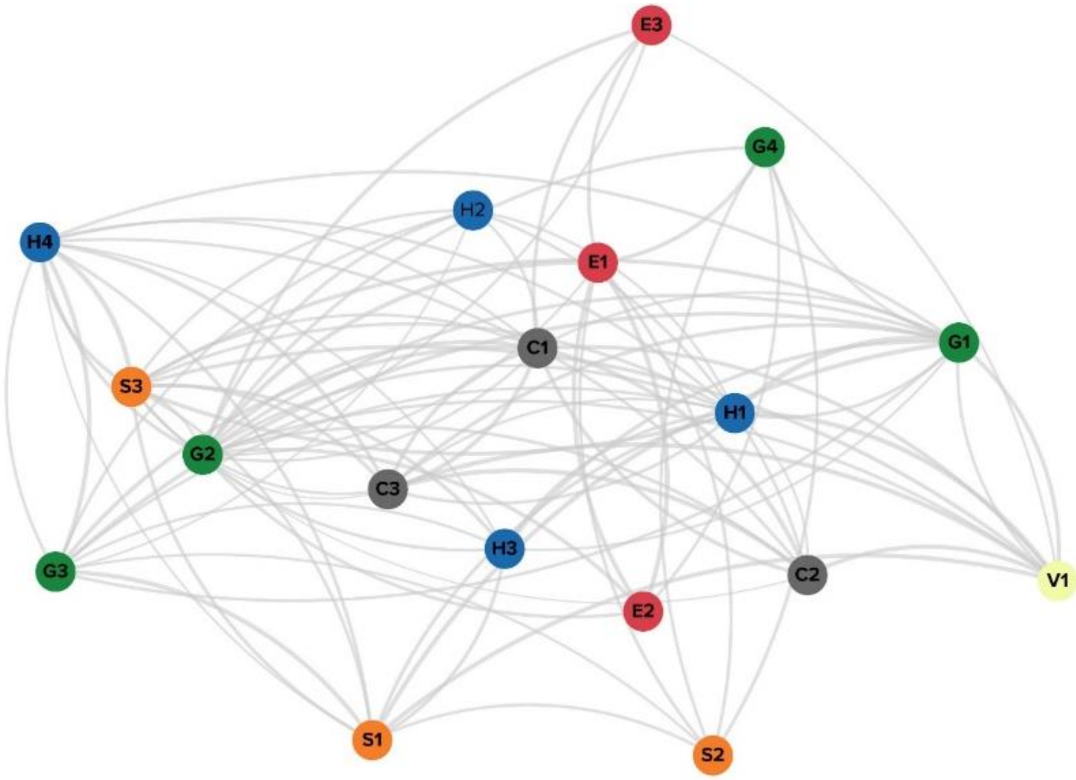
Table VII-3. Necessary conditions for a system change and paradigm shift

Domain	Conditions
E. Economic and financial	**E1** - Diversified, expanding and distributive economy
	E2 - Access to well-paid and formal jobs
	E3 - Funding for social protection
V. Vulnerability to natural	**V1** - Mechanisms for rapid localized response to climate change
G. Governance	**G1** - Integrating and long-term climate planning
	G2 - Low/no fragility or conflict
	G3 - Inter-ministerial and sectional governments coordination
	G4 - Policy Frameworks/incentives for engaging the private sector
H. Human and Institutional	**H1** - Competent institutions to support climate change planning and implementation
	H2 - Decentralized Institutions
	H3 - Robust professional civil service core
	H4 - Presence of collaborative platforms
S. Science and technology	**S1** - Reliable and relevant data systems
	S2 - Technology transfer
	S3 - Information sharing mechanisms
C. Social-cultural	**C1** - Inclusion of most vulnerable groups in decision-making
	C2 - Citizens engaged in climate action
	C3 - Civil society engaged in climate action

Source: LDCs evaluation team

[148]See Annex 7, vol II of this report for a full description of the methodology and the analysis pertaining to the logical model applied.

Figure VII-6. Interaction among the 18 conditions influencing a paradigm shift in LDCs



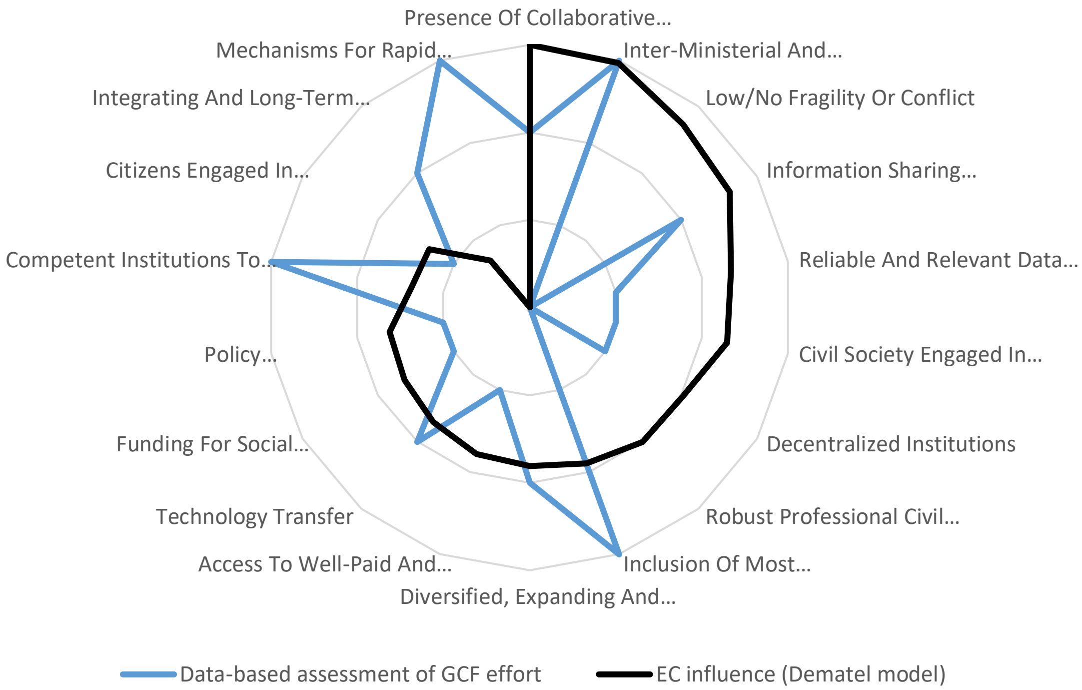
Soure: LDCs evaluation team

196. GCF projects only partially address the LDCs conditions likely to lead to a paradigm shift, focusing mostly on conditions closely related to climate action and overlooking structural conditions which are critical to achieve lasting systemic changes. Figure VII-7 presents the extent to which GCF projects address each of the 18 conditions affecting a paradigm shift in LDCs. Conditions are represented by the black line and are ranked clockwise from more influential to less influential. The blue line represents the evaluation team ratings of the extent to which GCF projects address each of the conditions. The conditions that are on the outer circle were rated by the evaluation team as most frequently addressed by GCF projects. While all conditions are important for a shift to a low carbon climate resilient development trajectory, the most influential eight conditions in the system are in the outer circle located from the top of the graph moving clockwise.

197. Of these eight conditions, the GCF LDCs portfolio was assessed as most frequently addressing the following three conditions: H4 presence of collaborative platforms, G4 interministerial and sectional government coordination and S3 Information sharing mechanisms (see Table VII-3 above for the categories and codes of the conditions). GCF projects also give considerable attention to the inclusion of vulnerable groups in decision making, another condition that, while not in the outer circle, does rank fairly high in its influence on the system. Five highly influential conditions that do not seem to be getting much attention from GCF projects are G2 low fragility or conflict, S1 reliable and relevant data systems, C3 civil society engagement in climate action, H2 decentralized institutions and H3 robust professional civil service core. GCF projects give considerable attention to competent institutions to support climate change action, V1 mechanisms for rapid localized responses to climate change and S2 Technology transfer and G1 integrated and long-term climate planning. This is expected as these conditions are directly related to project outcomes and the mission of the GCF. Yet, without the presence of the most influential conditions in the system (those

in the outer circle and highlighted in black) it is highly unlikely that the GCF project outcomes will lead to a paradigm shift.

Figure VII-7. The extent of GCF engagement with conditions affecting a paradigm shift



Source: See Annex 7, Vol. II of this evaluation

198. Absence of fragility or conflict, a strong professional civil service core and social protection mechanisms are not explicitly addressed in GCF interventions but present critical barriers to the GCF's contribution to a paradigm shift. While these three conditions are not directly included in the mandate of the GCF, they merit special attention because they pertain to barriers to climate action frequently found in LDCs. As we have indicated earlier, LDCs are facing climate change in the context of special needs and circumstances "relate to the structural challenges to sustainable development and are characterized by low levels of income, low levels of human assets, and vulnerability to economic and environmental shocks" (Bernardo and others, 2020). The most influential conditions are closely related to these structural challenges in LDCs which are also critical barriers to a paradigm shift to a low carbon climate resilient development trajectory.

Chapter VIII. CONCLUSIONS AND RECOMMENDATIONS

199. The evaluation team has structured the main findings of the report according to the core chapters: responsive and relevance of the GCF to LDCs; coherence and complementarity of the GCF with other climate funds; country ownership and capacity development in LDCs; performance of the GCF's business model and processes in the LDCs; and results and impacts.

A. Key findings

Key findings 1: Responsiveness and relevance of the GCF to LDCs

200. **Finding 1(a):** Conference of the Parties' (COP) decisions related to LDCs are not consistently followed up with specific GCF Board guidance to the Secretariat.

201. **Finding 1(b):** There is no established mechanism for the GCF's national adaptation plan (NAP) support through the readiness and preparatory support programme (RPSP) and adaptation project origination to ensure the adaptation allocation target will continue to be met. There is little evidence that existing national adaptation strategies and plans are systematically integrated with GCF's programming and operations in the LDCs.

202. **Finding 1(c):** Access to GCF support remains cumbersome for the LDCs. In LDCs, which face significant structural barriers, this lack of access particularly disadvantages Direct Access Entities (DAEs).

203. **Finding 1(d):** The GCF has attempted to simplify the process and shorten the time to access GCF finance and has not yet achieved these objectives to date.

204. **Finding 1(e):** The GCF's approach has had a limited contribution to the engagement of private sector entities within the context of LDCs, particularly the small and medium-sized enterprises and the local private sector. The GCF has not addressed this lack through accreditation efforts, including project-specific accreditation approaches.

205. **Finding 1(f):** The GCF has identified some possible actions relevant to averting, minimizing and addressing loss and damage. Lack of clear definitions and approaches to financing remain key obstacles for GCF programming and operations.

Key findings 2: Coherence and complementarity of the GCF with other climate funds

206. **Finding 2(a):** While the UNFCCC's guidance encourages coherence and steps to build synergies have been laid out, there is no systematic approach to coherence and complementarity. For the LDCs, there is a need to consider coherence and complementarity in national programming and especially the GCF's RPSP and project preparation facility (PPF) with other funds.

207. **Finding 2(b):** Compared to other climate funds, the GCF places additional emphasis on country ownership and capacity building in the LDCs. This affects complementarity and coherence with other climate funds.

Key findings 3: Country ownership and capacity development in LDCs

208. **Finding 3(a):** Multiple structural barriers and procedural bottlenecks limit the role of national designated authorities (NDAs), and access of countries to resources to enhance their capacity in the LDCs. Current attributes of country ownership, i.e. the no-objection procedure and DAEs, are insufficient to guarantee ownership in the LDCs, particularly for multi-country projects.

209. **Finding 3(b):** On average, USD 0.95 million is approved for RPSP in the LDCs, which is less than other country groups. Disbursement of RPSP funding is slow, especially for adaptation planning.

210. **Finding 3(c):** Country programmes are not fully incorporated into the GCF business model, and there is limited use of country programmes for GCF programming.

211. **Finding 3(d):** The COP has requested the GCF to enhance consideration of local indigenous and traditional knowledge. The GCF has not done so yet. The GCF lacks tools to track the extent to which and how indigenous people's concerns and local knowledge are incorporated in projects, including how such knowledge can provide valuable information on climate trends.

212. **Finding 3(e):** Compliance with the gender policy, particularly required gender action plans, is consistent in the LDCs. However, the quality and depth of gender assessments and reporting vary, making tracking gender impacts hard.

213. **Finding 3(f):** GCF's current approach to knowledge management is not based on a framework, nor does it provide opportunities to facilitate dialogue and learning.

214. **Finding 3(g):** LDCs have only 14 national DAEs, and most are accredited to implement low-risk and micro and small projects. Only three national DAEs are accredited for medium-sized projects. DAEs in LDCs find it difficult to meet accreditation standards and require more time and support to enhance the necessary technical and institutional capacities. The median time for accreditation of national DAEs from LDCs is 688 days versus 317 for regional DAEs and 490 days for international accredited entity (IAEs).

215. **Finding 3(h):** The GCF has rightly identified capacity constraints. GCF support programmes are not guided by strategies that lay pathways to enhance the capacities of DAEs to manage larger projects in LDCs. Nor has the GCF put in place mechanisms and incentives to engage IAEs in the capacity development of DAEs in LDCs. Although IAEs benefit from technical expertise, and often country presence, they are not incentivized by the GCF to ensure technology transfer throughout the project's implementation.

Key findings 4: Performance of the GCF's business model and processes in LDCs

216. **Finding 4(a):** More than half of LDCs have not accessed the PPF. A lengthy and resource-intensive process discourages them from applying.

217. **Finding 4(b):** The simplified approval process (SAP) was designed to ease access to funding, but it has neither shortened nor simplified the process for LDCs.

218. **Finding 4(c):** The GCF concept note and proposal development process is particularly challenging for LDCs, increasing preparation and transaction costs for project development are not considered. Difficulties meeting the stringent climate rationale requirements for adaptation projects are further aggravated by the duplicated review process through the Secretariat and iTAP.

219. **Finding 4(d):** Disbursement to LDCs has remained slow and low, compared with other country groups. Lack of legal expertise for DAEs contributed to delays in the funded activity agreement negotiations.

220. **Finding 4(e):** The Fund's position as a risk-taking institution is limited as it primarily funds low-risk projects. The GCF relies on the experience of IAEs in funding a limited number of projects in high-risk contexts. Overall, the GCF does not offer incentives to AEs to work in LDCs that reflect high risks for project implementation.

Key findings 5: Results and impact

221. **Finding 5(a):** Data on results of GCF projects in LDCs is not always consistent and complete. Gaps in monitoring prevail in LDCs. Measures to independently verify data on project implementation

and results have not been fully operationalized. There is no system in place for risks-based annual reviews or annual ad hoc project checks to assess the veracity of data.

222. **Finding 5(b):** The LDC single-country projects portfolio has higher CO2 emissions targets as a proportion of annual emissions than the rest of the GCF portfolio, despite contributing a fraction of overall global CO2 emissions. However, the achievement of the targets is still limited, with very limited disbursement of only 2 per cent of the approved mitigation funding.

223. **Finding 5(c):** There is no systematic data on GCF targeting vulnerable communities. Although not representative of the portfolio, evidence from country case studies and the baseline data from the IEU's Learning-Oriented Real-Time Impact Assessment from Rwanda, Madagascar and Bangladesh suggest that GCF projects in LDCs, particularly in adaptation, may target vulnerable communities.

224. **Finding 5(d):** Projects in LDCs consistently disaggregate the number of targeted beneficiaries by gender. However, the variance within gender reporting makes it difficult to make a portfolio-level assessment.

225. **Finding 5(e):** GCF's support of sustained low-carbon and resilient development pathways is hampered by systemic barriers to paradigm shift in the LDCs.

B. Recommendations

226. As part of the IEU's concerted effort to independently evaluate the GCF's portfolio and approach in the most vulnerable countries, the following points are the recommendations from this evaluation on LDCs.

227. **Recommendation 1**: The GCF should consider operationalizing, through board decisions, COP guidance specifically about the most vulnerable countries, and particularly LDCs.

228. **Recommendation 2**: The Secretariat should urgently operationalize frameworks and plans on coherence and complementarity into a systematic approach with other climate funds at global, national and project levels.

2(a): The Secretariat should clarify processes that consider coherence and complementarity in project origination and appraisal.

2(b): The Secretariat should urgently develop and implement guidance on coherence and complementarity for GCF support programmes. Such guidance should consider other support programmes of bilateral and multilateral agencies as well as enabling conditions for climate action and barriers to paradigm shift.

229. **Recommendation 3**: The GCF should strengthen guidance and support to LDCs to enable them to assume ownership in engaging with the GCF.

3(a): The Secretariat should urgently clarify the strategic plan and use of country programmes in the LDCs. It should consider strengthening the linkages between GCF country programming and NAP implementation. Country programmes should link country needs with a pipeline of projects and indicate the scale of resources. A country investment strategy aligned with country needs should also be considered.

3(b): The Secretariat should urgently strengthen upstream pre- and post-accreditation support for DAEs to enhance capacity around climate data, accreditation requirements and legal obligations.

3(c): To address structural and institutional capacity constraints in the LDCs, the Secretariat should consider sustained GCF support for the secretarial functions of the NDAs/focal points and long-term training for NDAs/focal points. Accountability and tracking of GCF support should urgently be ensured to measure the results of GCF support credibly.

3(d): The GCF should strengthen the approach to stakeholder engagement by introducing a policy-level instrument, ensuring definitions and principles of engagement, especially for non-state local actors. This instrument should recognize the engagement of minorities, civil society and particularly vulnerable groups most affected by climate change. It should put special emphasis on project implementation and multi-country projects.

230. **Recommendation 4**: The GCF should support building structures and incentives that provide opportunities and motivation for countries, accredited entities and the Secretariat to engage DAEs.

4(a): The Secretariat should assess and develop incentives and accountability mechanisms for IAEs, to enhance project design, implementation and monitoring and evaluation capacities of DAEs in the LDCs. An updated accreditation framework and accreditation strategy should address the critical question of purpose and vision for Direct Access at the GCF.

4(b): The Secretariat should promote the twinning of AEs in the project development and project implementation phase, to strengthen the capacity of DAEs through early engagement and involvement in GCF projects in the LDCs.

4(c): The GCF should encourage and incentivize countries and DAEs to take a strategic approach when nominating for direct access.

4(d): While considering fiduciary and environmental and social safeguards performance, the Secretariat should provide tailored support to DAEs that demonstrate adequate capacity and ambition to fight climate change in the country through engagement with the GCF. A tailored approach should consider developing qualifying criteria and pathways to help DAEs graduate and deliver medium and large projects.

231. **Recommendation 5**: The GCF should clarify the links between GCF support programmes, such as RPSP and PPF, and funding modalities, including SAP, and streamline these connections to increase efficiency in project appraisal and programming.

5(a): The PPF application process should be streamlined and requirements simplified. The GCF should also address the coherence and complementarity of GCF support programmes internally. Externally, it should support programmes of other funds.

5(b): The Secretariat should consider integrating the concept note review into the project appraisal process to avoid duplication in reviewing the concept notes.

5(c): The Secretariat should acknowledge and contribute towards the additional costs, specifically owing to the context of the LDCs.

232. **Recommendation 6**: The GCF should adopt, implement and promote an inclusive knowledge management framework across the Secretariat and stakeholders, based on lessons learned, project evaluations, impact assessments and structured dialogues to guide NDAs, AEs and DAEs.

233. **Recommendation 7**: The GCF should ensure the tools and systems for effective results management, including the monitoring and accountability framework, are operationalized, transparent and accurate, to ensure trust and results.

7(a): The GCF should consider incentivizing, in particular in data-poor contexts, the development and use of country monitoring systems to strengthen monitoring and evaluation capacity and management in the long term.

7(b): The Secretariat should consider revisiting indicators and reporting on gender to allow for the monitoring of gendered outcomes.

7(c): The Secretariat should operationalize tools that allow the use of traditional and indigenous knowledge in developing, implementing and monitoring GCF projects.

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LIST OF INTERVIEWEES

This includes a list of all stakeholders who were interviewed for this evaluation and who agreed to be listed here. It also includes the affiliations of the Advisory Panel.

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