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REPORT OF THE SYNTHESIS STUDY

An IEU Deliverable Contributing to the Second Performance Review of the Green Climate Fund

March 2022

GREEN CLIMATE FUND
INDEPENDENT EVALUATION UNIT

Report of the Synthesis Study

AN IEU DELIVERABLE CONTRIBUTING TO THE SECOND PERFORMANCE REVIEW OF THE GREEN CLIMATE FUND

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First Edition

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PREFACE

Hindsight is a beautiful thing. It lets us introspect and assess where we came from and where we want to go. It allows us to reflect on what worked out and what needed more attention. In 2021, the Board of the Green Climate Fund (GCF) decided that it was time to start reflecting on the performance of the GCF during the current strategic period. Therefore, the Independent Evaluation Unit (IEU) started the Second Performance Review (SPR) of the GCF, and this synthesis report looks at what we know so far.

When the GCF was established, it was expected to be a tentpole of the grand architecture of climate finance. The scope of the GCF mandate rivals any other multilateral organization, and its scale was expected to be massive and a total watershed in the way human civilization would respond to the multiheaded challenge of climate change. The weight of history was not lost to those that established the GCF. The journey to establish and buttress this tentpole continues.

A key opportunity written within the very foundation of the GCF was to learn along the journey and course-correct – evaluation reports would provide an objective assessment and lessons – and the lessons would inform decisions made at the highest level. Indeed, the GCF later adopted an evaluation policy that sets learning in a virtuous cycle. Now the GCF is turning three. It is also graduating from a fledgling to a mature institution with an extensive portfolio of projects worldwide. This growth provides an opportunity for reflection. This reflection – the SPR – is happening not in a single event but a process. There are many parts of the SPR, and one of the first is this synthesis report, where we look at the information available to us at this point in the GCF and helps us set a course for the overall SPR.

There are important lessons within this report. It finds that the institution has indeed come a long way in establishing itself and developing clarity on items like an overall strategy, some policy positions and a functional institutional architecture. However, some important challenges persist from the first phase of the GCF. The GCF processes have improved, they remain slow generally speaking, and the institution faces challenges related to access and accounting of results and impacts. Since its early days, the IEU has consistently warned that the GCF will not be able to provide a systematic assessment of results; this continues to be the case. There are other challenges that have emerged in GCF-1, including those related to the effectiveness and efficiency of decision-making in the GCF. There are other factors that are outside the immediate scope of this report which are important to bear in mind, such as the volatile geopolitical context, glaring multidimensional inequity created by COVID and economic uncertainties. And, as the COVID crisis has taught us, expectations of regular black swan events remain.

A word on the difficulty before any such assessment is the fluidity in the context. How do you study something that changes constantly? The GCF is a shapeshifter – now a development finance institution, now a start-up and now a political institution entrenched in international relations and the global political economy. Its internal structure and its external interface change depending on the vantage point. How, then, do you provide an objective assessment when every view is subjective? Our SPR team of evaluators will now finalize the approach to this review and undertake this massive exercise in a manner that fits this tentpole of the global climate finance architecture. This team will welcome every unsolicited input to inform the final report of the SPR of the GCF.

Finally, a thought for the future. The text of the Rio Conventions placed the future generations at its heart. While the United Nations Framework Convention on Climate Change text was negotiated in the early 1990s, several members of this SPR team were not born yet. So, a post-Rio generation has started to participate in considerations and discourses on climate. The future is already here and asking for action and accountability. In turn, the current generation, too, will be accountable to their future generations. This evaluation team hopes that your reading of the report and subsequent actions will consider the interests of the generations yet to come.

Archi Rastogi, Ph.D.
Independent Evaluation Unit

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The Synthesis Study is a deliverable under the Second Performance Review (SPR) of the Green Climate Fund (GCF), and has benefited from the contributions of many individuals both internal and external to the GCF. The evaluation team acknowledges the support of all involved.

Firstly, we extend our gratitude to the 2021 Co-Chairs of the GCF Board Mr. Jean-Christophe Donnellier and Mr. José De Luna Martínez, and members and alternate members of the GCF Board, as well as their advisers, for providing valuable insight and guidance. Given the role of the SPR in building a reliable evidence base to help inform Board decision-making, this continued guidance is deeply appreciated.

We would like to thank our colleagues within the GCF Secretariat for their ongoing cooperation with the scheduling and planning elements of the SPR, particularly Ms. Oyun Sanjaasuren, Mr. Juichiro Sahara, Ms. Selina Wrighter and Ms. Ramona Calin. We look forward to continued cooperation and support as the SPR process continues through the rest of 2022 and into 2023. The evaluation team would also like to thank Ms. Hong Paterson, Mr. Victor Tembo, and Mr. Paul Kadonya, and members of the procurement panel for support provided to the Independent Evaluation Unit (IEU) during the procurement process. In addition, the IEU's Ms. Asha Warsame provided valuable support on administrative matters.

The SPR synthesis team benefited from the work of Ms. Daniela Rey Christen and colleagues from Climate Law and Policy, who have produced in parallel to this report an assessment of GCF progress towards meeting the objectives set out it in the Updated Strategic Plan (USP) for 2020–2023. This work, under the overall leadership of Mr Daisuke Horikoshi, has played a valuable role in informing elements of the synthesis study.

We thank members of the IEU's DataLab for their support, namely Ms. Galyna Uvarova, Ms. Viktoriya Khan, and Mr. Peter Mwandri. Mr. Howard Morano of ICF provided additional support for data-related needs. We are also grateful to IEU colleagues Ms. Yeonji Kim, Mr. Daisuke Horikoshi, and Mr. Rishabh Moudgill for providing extensive comments and feedback on earlier versions of this report. In addition, Ms. Beverley Mitchell copyedited the synthesis study, while Ms. Giang Pham was responsible for the formatting of the report. Mr. Logan Pfeiffer provided additional editorial assistance. The team extends their gratitude to these individuals.

The SPR synthesis study was managed and completed by Dr. Archi Rastogi, along with IEU team members Ms. Hellen Nassuna and Mr. Mark Hopkins, under the guidance of IEU Head a.i. Mr. Andreas Reumann. The external team included Ms. Julia Larkin, Mr. Matthew Savage, and Dr. Detlev Puetz, led by Ms. Jessica Kyle.

All responsibility, including for any errors, lies solely with the IEU, which carried out this synthesis study. 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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The IEU recognizes that its evaluation reports are distributed to a wide range of stakeholders with different objectives and time frames for reading them.

The IEU makes the following suggestions on how you might approach reading this report:

- If you have 15 minutes: The Executive Summary.
- If you have 30 minutes: The Executive Summary and chapter VIII.
- If you have 60 minutes: The Executive Summary and chapter VIII, along with the conclusions of chapters II-VII.
- If you have two hours, the full report.

ABBREVIATIONS

AE	Accredited entity
AF	Adaptation Fund
AMA	Accreditation master agreement
AP	Accreditation Panel
APR	Annual progress reports
CABEI	Central American Bank for Economic Integration
CIF	Climate Investment Funds
CN	Concept note
COP	Conference of the Parties
CP	Country programme
DAE	Direct access entity
DBSA	Development Bank of South Africa
EBRD	European Bank for Reconstruction and Development
EDA	Enhanced direct access
EIF	Environmental Investment Fund of Namibia
ESS	Environmental and social safeguard
EWP	Entity work programmes
FAA	Funded activity agreement
FP	Funding proposal
FPR	Forward-looking Performance Review
FTE	Full-time equivalent
GAP	Gender action plan
GCF	Green Climate Fund
GEF	Global Environmental Facility
GHG	Greenhouse gas
GI	Governing Instrument
IAE	International accredited entity
IEU	Independent Evaluation Unit
IFAD	International Fund for Agricultural Development
IIU	Independent Integrity Unit
IMF	International Monetary Fund
IRM	Initial resource mobilization
IRMF	Integrated Results Management Framework

iTAP	independent Technical Advisory Panel
IUCN	International Union for Conservation of Nature
KM	Knowledge management
LDCs	Least developed countries
LKM	Learning and knowledge management
M&E	Monitoring and evaluation
MAF	Monitoring and accountability framework
MDB	Multilateral development bank
NAP	National adaptation plan
NDA	National designated authority
NDC	Nationally determined contributions
PAP	Proposal Approval Process
PPF	Project Preparation Facility
PSAA	Project-specific assessment approach
PSF	Private Sector Facility
PSOs	Private sector organizations
REDD	Reducing Emissions from Deforestation and Forest Degradation
RFP	Request for proposals
RMF	Results Management Framework
RPSP	Readiness and Preparatory Support Programme
SAP	Simplified approval process
SCF	Standing Committee on Finance
SIDS	Small Island Developing States
SPR	Second Performance Review
UAF	Updated Accreditation Framework
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
USP	Updated Strategic Plan

EXECUTIVE SUMMARY

A. Introduction

Through decision B.BM-2021/17, the Board of the Green Climate Fund (GCF) launched the Second Performance Review (SPR) of the GCF. This review covers the GCF-1 programming period. The Independent Evaluation Unit (IEU) will conduct the SPR to inform, among other things, the update of the Updated Strategic Plan for the Green Climate Fund: 2020–2023 (USP) for the GCF-2 programming period. An early component of the SPR is this synthesis report, which presents a synthesis of previous IEU evaluations, GCF Secretariat documents and reports, and related external literature from the GCF-1 period (2020–2023). As a result, this synthesis report is a substantive product of the SPR; it may inform the final report of the SPR and the findings and recommendations to be contained therein.

This synthesis report serves to update the GCF Board on the SPR by synthesizing the key findings, conclusions and lessons of the documents and evaluations available in GCF-1, where possible comparing the lessons of GCF-1 with those from the initial resource mobilization (IRM). The report also serves to provide emerging observations for the design and conduct of the SPR. Specifically, the synthesis will inform the methods and thematic areas for the SPR, by identifying areas where there is already substantial evidence and areas where there are knowledge gaps.

The synthesis is first and foremost a desk study – with nearly 200 documents reviewed in detail – complemented by a limited set of interviews and updated data analyses. The synthesis uses the methodological framework of grounded theory[1], with a meta-ethnographic lens that considers the GCF institutional context, country context, policies and processes, and institutional relationships and dynamics. This approach ensures that data collection, synthesis and theory-building are done in an emergent yet structured way, enabling the synthesis to produce new interpretations and narratives beyond simply aggregating findings and evidence in the documents reviewed. The synthesis report also provides relevant updated figures, prepared by the IEU DataLab. The data available to the IEU include the period up to B.30, which was held in early October 2021.

This report is complemented by a concurrent IEU report assessing progress made against the strategic and operational priorities and actions outlined in the USP. Therefore, this report addresses the USP in a more indirect way.

B. Synthesis findings

1. Access to the GCF

Access to Fund resources through national, regional and international implementing entities accredited by the Board is provided for in the GCF's Governing Instrument, and emphasized in the USP through strategic priorities on "improving access to Fund resources" and "strengthening country ownership of programming."

Accreditation strategy and approach. The need for an accreditation strategy emerged during the IRM and intensified in GCF-1. Yet the GCF continues to lack a strategy on accreditation – a shortcoming that the USP and proposed Updated Accreditation Framework only partially address. While the USP provides high level direction for a more strategic approach to accreditation, it stops short of calling for an accreditation strategy or targets for the accredited entity (AE) network (Independent Evaluation Unit, 2020b). The draft Updated Accreditation Framework submitted for

[1] See, for example: Strauss, A. & J.M. Corbin (1997). Grounded Theory in Practice. Sage Publications.

the twenty-ninth meeting of the Board (B.29) remained unopened. As submitted, it is likely to leave strategic questions unanswered, such as a vision for a portfolio of AEs that will support meeting its mandate. Indeed, numerous independent evaluations and Secretariat reviews – in the IRM as well as in GCF-1 – have called for a more strategic approach to accreditation in the GCF. The Secretariat's 2022 work programme sees "critical levers [that] remain in the Board's hands through … decisions on [AE] prioritization and an accreditation strategy" (GCF/B.30/09). A project-specific assessment approach has also been under consideration for three years but does not yet have final Board approval; the main objectives of the approach remain unclear.

The lack of an accreditation strategy continues to create stress points within the GCF partnership. These relate partly to focusing and streamlining accreditation efforts (GCF/B.28/Inf.10/Add.03), and to resolving tensions within the multiple and sometimes conflicting goals of the accreditation function (Independent Evaluation Unit, 2020b). In the absence of a strategic vision for accreditation, it is unclear what the composition of the GCF's medium- and long- term AE network should be, including its size and distribution/mix. Growth in the number of AEs continues to be supply-driven, with implications for capacity demands on the Secretariat, Accreditation Panel and Accreditation Committee, and potential reputational risk if the GCF accredits more AEs without a parallel growth in resources.

Accreditation efficiency. The accreditation process is protracted and inefficient, and the process has not become more efficient since the IRM period (Independent Evaluation Unit, 2020b; Independent Evaluation Unit, 2019a; GCF/B.20/17, Annex IV; Independent Evaluation Unit, 2018a; Independent Evaluation Unit, 2019b; Independent Evaluation Unit, 2020d). The median time taken by entities from submission of application to receiving Board approval has increased in GCF-1, with the median duration being 1,321 days for entities accredited at B.29. Three factors contribute to inefficiencies in the accreditation process: (1) process design and implementation, (2) AE capacities, and (3) protracted legal negotiations for completing the AMAs (Independent Evaluation Unit, 2020b). The Secretariat is also processing increasing pipelines for accreditation and re-accreditation while proposed changes and resources for higher accreditation efficiency are stalled in the Board.

Direct access. So far in GCF-1, direct access entities (DAEs) constitute an increasing proportion of AEs (nearly two thirds of all AEs approved for accreditation). In addition, the proportion of funding approved through DAEs has almost doubled in GCF-1 compared to the IRM (23 per cent, up from 12 per cent). Still, the approved project portfolio remains skewed towards international accredited entities (IAEs) and a relatively small number of DAEs. DAEs are also underrepresented in the pipeline of funding proposals (FPs). Simulations by the GCF Secretariat and the IEU indicate tensions between the goal of increasing the DAE portfolio share and other GCF programming goals. An emerging DAE Action Plan, introduced by the Secretariat at B.29, aims to help meet the direct access objectives of the USP and the principle of country ownership; the effectiveness of this plan is not assessed in this synthesis.

Timing issues, weak capacities and country preferences contribute to the imbalance in the portfolio of FPs undertaken by DAEs. Evidence from the IRM and GCF-1 alike points to a lack of capacity as the primary challenge to increasing the role and effectiveness of DAEs in delivering climate finance. The effectiveness of capacity development through the Readiness and Preparatory Support Programme (RPSP) and Project Preparation Facility (PPF) is not well known, since RPSP outcomes are not systematically monitored. Another avenue to build the capacity of DAEs – through IAE support – has been underutilized, in part due to lack of incentives for IAEs to provide such support.

AE coverage and access. The focus in the USP on strategic and sufficient coverage by AEs to meet GCF objectives and match programming gaps and needs has not yet been operationalized. IEU analysis shows that only about 37 per cent of GCF-eligible countries are covered by a DAE. The number of GCF private sector DAEs also remains very small (totalling 7 out of 28); even though a larger proportion of private sector funding has gone to DAEs compared to the public sector, these resources remain concentrated in a small number of DAEs.

2. Programming in the GCF

The GCF uses a suite of operational modalities to support the programming cycle, from readiness and planning support to direct project and programme solicitation, through the appraisal and approval process. These processes are critical to how the GCF promotes quality, paradigm shifting and impact potential in FPs, and to successful delivery against the USP.

Improving process efficiency, effectiveness and transparency. The Secretariat has identified initiatives to increase efficiency and transparency, and synthesis of initial documentation indicates that they do appear to be headed in the intended direction. At the same time, the reactive nature of the Secretariat's work as well as staffing constraints continue to affect efficiency and the Fund's ability to meet USP targets. The Secretariat acknowledges trade-offs in setting its annual work programme – for example, in the number of FPs that can be reviewed, meeting service standards, comprehensive analysis of reporting, the depth of support for DAEs, and so on.

Programming and pipeline development. Country programmes (CPs) have not yet adequately delivered on the stated aims of the CP development process: identifying areas of highest impact and paradigm shift potential, developing a country-owned pipeline and identifying areas for strategic use of RPSP support (Independent Evaluation Unit, 2019b). In light of the GCF's continued emphasis on CPs, multiple evaluations have recommended that the GCF assess and refine the role it can and should play in country programming.

Entity work programmes (EWPs) have similarly not achieved their potential. There is insufficient alignment between CPs and EWPs. Stakeholders engaged in the IEU's least developed countries (LDCs) evaluation reported tensions between the CPs and EWPs in terms of which projects will be prioritized and how the CP will be considered in project design. DAEs need significant support to develop effective EWPs.

The RPSP has created clear, albeit uneven, successes, though information on results achieved in individual countries is quite limited to date. The Secretariat continues to adjust the RPSP to improve effectiveness and efficiency, such as through increased technical support for countries and entities. More RPSP proposals seek support for pipeline development and DAEs than previously. However, the overall effectiveness of the RPSP is not well known.

Proposal development and submission

- *Project Preparation Facility.* Use of the PPF by DAEs is increasing according to Secretariat reports, and the Secretariat has also increased its support to DAEs through a modality to provide independent project preparation services for DAEs. The effectiveness of these efforts in increasing the quality at entry of DAE projects is not known. Processing times for PPF requests remain long.
- *Simplified approval process (SAP).* The goal of the SAP is valued by all major stakeholder groups, but it has not yet achieved its potential to meaningfully streamline the approval process or reach a different audience. The current SAP process has not succeeded in substantially reducing the burden of project preparation, or in improving the efficiency and effectiveness of the GCF project cycle. The independent Technical Advisory Panel (iTAP) review is also insufficiently aligned with the SAP.

- *Requests for proposals (RFPs).* The concept of RFPs is useful, but broadly speaking, the four RFPs issued so far have been insufficiently effective in generating viable FPs or in meaningfully increasing access for national entities and the private sector. Accreditation is a key issue that limits in practice which entities can utilize the RFPs. The Secretariat has stated plans to improve operationalization and implementation of the RFP concept.
- *Private sector solicitation.* While strategies tailored to the private sector are critical, the Private Sector Facility (PSF) has not yet achieved the targeted participation. The pool of AEs from the private sector remains limited. Factors constraining private sector engagement remain as they were in the FPR, including the GCF's reactive business model, the lack of engagement with DAEs, the length of project approval and legal assessment timelines, and the perceived lack of predictability by private sector actors. The IEU's recent evaluation also found areas where strategic guidance on the private sector approach remains unclear.
- *Programmatic approaches.* Although a policy on programmatic approaches has not yet been approved by the Board, IEU evaluations found that they have the potential to play a valuable role in the GCF portfolio. Clear guidance on programmatic approaches is expected to provide more flexibility to meet country needs and reduce submission costs. To date, programmes have proved more complex to design and manage.
- *Adaptation and particularly vulnerable countries.* The GCF portfolio has seen a nearly equitable balance between mitigation and adaptation financing, with almost half of its financing being allocated to adaptation through GCF-1. The GCF still has challenges in reaching the most vulnerable and least ready countries, however: 59 of the most vulnerable countries have not received GCF adaptation finance. The Secretariat has identified some ways to bolster adaptation programming and support to these countries through the RPSP. Local capacity remains a chief barrier to access for LDCs and Small Island Developing States (SIDS).

Appraisal and approval processes. The project appraisal and approval cycle is widely perceived as bureaucratic, lengthy, inconsistent and non-transparent.[2] The Secretariat has identified activities to streamline and standardize the review processes and further ensure proposal quality, but a substantial number of relevant actions are awaiting consideration by the Board.

One persistent issue has been that the GCF investment criteria are broad, and this has led to inconsistencies in how they have been defined and operationalized.[3] Documenting climate rationale embedded within the impact potential has been particularly problematic. An external study commissioned by the Secretariat found that GCF stakeholder groups view iTAP as an important actor in ensuring the GCF's credibility and validating Secretariat reviews; however, the study suggested that more transparency and consistency are required (GCF/B.25/10).

In terms of environmental and social safeguards (ESS), the Secretariat is in the process of updating these to be more specifically tailored for GCF needs. Aside from the suitability of ESS standards, a related concern is that a policy conflict allowing multilateral development banks' ESS policies to potentially circumvent GCF policy remains unresolved at the Board level. On gender, while FPs comply with the gender policy, a recent IEU evaluation documented challenges with the quality of related assessments, capacities and reporting; overall outcomes related to gender are as yet unassessed. Previous IEU evaluations also found that the GCF has not yet sufficiently addressed the request from the United Nations Framework Convention on Climate Change's Conference of the

[2] See, for example, GCF/B.30/Inf.11; Independent Evaluation Unit (2020a); Independent Evaluation Unit (2021c); Independent Evaluation Unit (2022a).

[3] The GCF's initial investment framework was adopted by the Board in decision B.07/06. Activity-specific sub-criteria and indicative assessment factors were adopted through decision B.09/05 and updated through decision B.22/15.

Parties to enhance its consideration of local knowledge and indigenous peoples (Independent Evaluation Unit, 2022a; Independent Evaluation Unit, 2020a).

Post-approval processes. Post-approval processes (centred on legal clearances for signing funded activity agreements) are too lengthy but have been improving over time.

3. Implementing and managing for risk and results

The total GCF portfolio under implementation is expected to triple in amount by 2023 relative to the IRM, indicating that a shift towards managing portfolio implementation for results and knowledge is critical. GCF systems for results, risk and knowledge management have evolved in GCF-1, most notably through the Board approval of an Integrated Results Management Framework (IRMF).

Measuring and reporting results. In GCF-1, the GCF has taken an important step towards results measurement and reporting by approving the IRMF. Although a complete assessment of the IRMF remains to be undertaken, initial reviews identify improvements relative to the Results Management Framework, including a more systematic approach to results measurement and a focus on higher level results. The IRMF also aligns with the GCF's investment framework (Independent Evaluation Unit, 2021c). Operationalizing the IRMF will take some time, however. It is expected to apply to projects/programmes submitted to the Board beginning at B.32 (and not retroactively); an accompanying results handbook will also need to be approved by the Board.

The quality of results measurement, reporting and evaluation during implementation has been poor to date. While progress has been made in GCF-1 to address these issues, the effect of limited GCF guidance and oversight during the initial years of project approvals persists in the current portfolio – leaving the GCF at risk of not being able to demonstrate a clear and credible accounting of its aggregate results at the end of GCF-1.

Both IEU evaluations and Secretariat reviews identified widespread shortcomings in project level monitoring and reporting frameworks. Following decision B.28/02, the Budget Committee cleared budget for the first phase of remedial measures, but a second phase will also be required to work in collaboration with AEs to actually apply the corrective monitoring and evaluation measures. The Secretariat has also reassessed ex ante greenhouse gas (GHG) emissions reduction estimates to improve the credibility of aggregated Fund level results for projects approved through B.24; similar efforts are planned for adaptation in 2022. IEU and external studies have found that the current heterogeneity of assumptions and calculation methods does not allow for a meaningful aggregation of the number of beneficiaries at the Fund level (Independent Evaluation Unit, 2021c; Frankfurt School–United Nations Environment Programme, 2020b). Recent re-accreditation assessments also point to a mixed experience in terms of the quality of monitoring, reporting and evaluation from some IAEs and DAEs (GCF/B.30/17, Annex II).

There is also substantial and urgent need to establish a system to ensure the quality of monitoring and reporting on results under the RPSP; currently, there is a no way to systematically report on the outcomes of the RPSP portfolio. The Secretariat reports that a Readiness Results Management Framework is under development.

Managing for results and risk during implementation. While the AEs hold first-level responsibilities, the GCF Secretariat also has an important and growing responsibility to oversee the implementation of the readiness and funded activity portfolios to manage for risks and results. The GCF has not yet operationalized all the necessary tools to ensure an adequate control function, although GCF Secretariat activity reporting during GCF-1 indicates increased attention on optimizing implementation and adaptive management (GCF/B.30/Inf.12; GCF/B.30/09). Tools still pending include an early warning system based on risk flags (project and AE risks); ad hoc project checks on a yearly, random basis (on hold due to COVID-19); and a risks-based annual review on a given number of projects and programmes.

Limited independent assessment is available on the effectiveness of GCF systems for identifying and mitigating risks, ensuring adherence with GCF requirements, and managing for results during implementation. Implementation challenges were identified by both the Secretariat and the IEU, based on review of annual programme reports, with many of the recent challenges due to pandemic-related constraints. Re-accreditation assessments conducted by the Secretariat and the Accreditation Panel showed a mixed implementation performance for some AEs. Implementation performance has been an issue with the RPSP, but the potential implications for risks and results delivery have not been documented.

IEU evaluations have also found limited oversight over AE reporting of ESS and funded activity agreement (FAA) conditions and their compliance, with not all covenants monitored and implications for effectiveness of risk management (Independent Evaluation Unit, 2020d; Independent Evaluation Unit, 2021a). The caseloads of the Independent Integrity Unit and Independent Redress Mechanism are too limited to date to draw any conclusions on effectiveness.[4]

Knowledge and learning. The GCF is in the early stages of its knowledge management practices and maturity, a stage that is broadly consistent with its organizational maturity. Some actions are in progress to move towards more strategic systematization of knowledge management, including the knowledge management strategy and action plan adopted by the Secretariat in 2020. But the full extent to which the knowledge management strategy and action plan is being implemented and institutionalized is not yet clear. With the GCF's portfolio under implementation rapidly growing, an important opportunity is emerging to gather and share on lessons learned, project evaluations, impact assessments and dialogues to guide national designated authorities (NDAs), AEs and implementing partners towards more relevant, effective, sustainable and paradigm shifting interventions.

4. Progress towards achieving impact

As stated in the Governing Instrument, the GCF was established with the explicit goals of making "significant and ambitious" impacts for both climate change mitigation and adaptation, and promoting "the paradigm shift towards low-emission and climate-resilient development pathways." At the end of the GCF's IRM period, the FPR found limited indications of first results, due in part to the nascent portfolio and low disbursement rates at that time.

Progress towards results. Although a substantial share of the GCF portfolio is now under implementation, the overall portfolio is still young. As of B.30, 76 per cent of the GCF portfolio is under implementation, totalling 116 projects with a value of USD 4.9 billion. Cumulative disbursements are USD 1.51 billion. Still, most projects approved in the IRM are less than a third of the way through implementation, and those approved in GCF-1 are even less far along. As of B.30, most PSF projects had not yet started implementation. In addition to the relative immaturity of the portfolio, project delays are slowing results delivery; the COVID-19 pandemic has been a challenging reality for nearly all the GCF-1 period, adversely impacting and compounding existing implementation challenges while also affecting countries' overall development progress.

[4] The Independent Redress Mechanism has had an increasing caseload year-over-year, from 2 in 2018, to 5 in 2019, to 15 cases total in 2020. Source: GCF/B.28/inf.07.

The GCF portfolio has self-reported some achievements in climate mitigation and adaptation impacts (not verified by this report). Currently, aggregate results are only reported by the Secretariat for two core indicators: GHG emissions reduced or avoided over the lifetime of the projects (for mitigation) and direct and indirect beneficiaries (for adaptation). According to the annual portfolio performance report (2020) produced by the Secretariat at B.30, in 2020 the portfolio realized 7 per cent of its expected mitigation impacts (50 million tCO_2eq) and 16 per cent of its expected adaptation impacts (49 million beneficiaries). This is not verified or evaluated by the current report; the approach and methodologies for impact calculations are still being assessed by the Secretariat.

The allocation of approved GCF funding gives some indication of the types of climate results that may be forthcoming. Among the results areas, energy access and power generation represented the largest share of total GCF funding among mitigation projects under implementation in both 2019 and 2021. They were followed by building, cities, industries and appliances. The result area of health and well-being, food and water security had the largest share of total GCF funding for adaptation projects.

Paradigm shift. Given the immaturity of the GCF portfolio, Secretariat reporting and IEU evaluation have focused more on fostering a paradigm shifting portfolio through programming, design and appraisal, rather than assessing the extent to which projects and programmes have been transformational. Most documents reviewed for this synthesis referred to the paradigm shifting potential of projects and did not assess projects' actual contributions to paradigm shifts.

The concept of paradigm shift remains ill-understood among stakeholders (Independent Evaluation Unit, 2020a), and Secretariat reporting of progress towards paradigm shifting pathways – based on AE reporting in annual progress reports – has been vague. Moving forward, the IRMF provides for paradigm shift to be assessed against the dimensions of scale, replicability and sustainability, through interim and final project evaluations. Recent Secretariat working papers also illustrate a growing articulation of the GCF's approaches for transformative climate action, including 2021 papers on the Fund's climate finance strategy and approach for accelerating and scaling up transformative climate innovation.

Catalysing climate finance. Despite its strategic importance, the GCF's progress towards mobilizing climate finance in GCF-1 is not yet fully known. The Policy on Co-financing (adopted at B.24) clarifies definitions and principles, but the methodology to measure and report on mobilized private finance has not yet been finalized or operationalized. Some data are available on levels of co-finance, although several studies have raised concerns about the GCF's ability to secure – and actually deliver on – adequate co-financing. Secretariat reporting implies that co-financing projections at approval have not always been reliable or realistic, and that the Secretariat could more closely monitor realization of co-financing within the projects as a risk factor for delivery of project impacts and results (GCF/B.30/Inf.09). A transparent and comprehensive tracking system for co-finance during implementation is not currently in place (Frankfurt School-United Nations Environment Programme, 2020a).

5. INSTITUTIONAL ARCHITECTURE AND PERFORMANCE

The Governing Instrument lays out the GCF's institutional architecture, and provides for the constitution of the Board and the establishment of the Secretariat, the Trustee and three independent units. The Board has primary governance supervision functions, with the Secretariat as the main managing and operational body. The broader GCF partnership also includes AEs and NDAs / focal points, as well as civil society organizations (CSOs), private sector organizations, vulnerable groups, indigenous peoples, and women as main stakeholders.

Governance. Overall, there has been limited assessment of the performance of the Board in governing the GCF. The present study synthesized evidence against four dimensions that are widely used as indicators of good governance:

- Effectiveness.[5] The Board has made progress on its 2020–2023 work programme in GCF-1 but has struggled to fully implement its policy agenda and close the policy gap. Approving the USP at B.27 was a significant accomplishment by the Board. Still, many critical policy and strategy gaps remain. The COVID-19 pandemic has contributed to continuing delays in addressing policy gaps; the shift to remote sessions reportedly hampered progress in policy formulation and discussion. Despite policy delays, in GCF-1 the Board has continued to perform its administrative and funding-related tasks, including approving FPs, accreditations and re-accreditations, and internal GCF workplans and budgets.
- Efficiency.[6] There is evidence that efficiency of the Board is impacted by lack of agreement among Board members, and consensus-based decision-making (Kalinowski, 2020; Splawn, 2021). New procedures for voting in the absence of consensus and for decision-making between meetings are seen as important tools to help accelerate decision-making. However, agreement on procedural and substantive items is often a challenge facing the Board.
- *Representation and voice*.[7] The GCF compares well to other international organizations in terms of representation, as one of the few major international organizations that has embraced a strong role for civil society and the private sector in the Fund's operation since its inception. Still, weaknesses identified since 2016 include the lack of financial support for participation of observers from developing country CSOs, and the lack of direct representation for indigenous peoples; a review of this issue is part of the Board's four-year workplan for 2020–2023 (Schalatek and Watson, 2020).
- *Accountability*.[8] The synthesis found very little independent assessment of the GCF Board's performance against the dimension of accountability. The Secretariat has begun to report on its performance through Board approved key performance indicators. Some other institutional practices also support accountability, such as the streaming of Board meetings on the Internet, strengthened information disclosure in GCF-1, and the independent units.

GCF Secretariat and broader partnership. The Secretariat reports that it is optimizing its operations, increasing its staffing and carrying out a reform agenda to enhance GCF internal structures, business processes and systems. Externally, the Secretariat has increased its efforts to align partners with the GCF strategic vision and develop their capacities to do so effectively. According to an external study commissioned by the Secretariat, Secretariat staff have so far absorbed a dramatic increase in workload without having the full anticipated capacity required. The increase has been absorbed through efficiency measures and overtime commitments from employees (GCF/B.30/ 08). Organizational structural changes are still in progress; for example, in decision B.30/06 the Board also explicitly agreed to update the Secretariat structure to formalize a Division

[5] Effectiveness concerns the extent to which the Board delivers on its key roles and functions, including good strategy formulation, implementation and oversight, and its operations as a collective. Effectiveness further includes clarity of responsibilities and roles, also vis-à-vis day-to-day management and operations.
[6] Efficiency refers to the costs of Board operations and how much time and how many documents it takes for issues to be discussed by the Board. Efficiency also includes the extent of delegation to committees and groups.
[7] Representation and voice relate to having adequate channels for all stakeholders of an organization to express their views, as well as to participate meaningfully in decision-making and to influence policy outcomes.
[8] Accountability first deals with the Board's instruments to monitor and evaluate the Secretariat, and second, how Board members are held accountable themselves. Transparency is a related issue.

of Portfolio Management and requested the Secretariat to present a review of its organizational structure in conjunction with strategic planning for GCF-2.

In terms of the broader GCF partnerships, measures taken by the Secretariat since 2020 to establish clearer roles and responsibilities for partners and move away from a "one-size-fits-all" partnership model may be generally expected to address some concerns raised by evaluations but will require validation in the SPR. A high emphasis in the USP on country ownership led to much Secretariat attention and many initiatives to support countries, but updated standards and guidelines for country ownership and engagement are still missing.

6. Complementarity and coherence

The GCF is mandated to enhance complementarity and coherence at the institutional and national levels. This goal is operationalized in its four-pillar[9] Operational Framework, which was approved in decision B.17/04 and re-emphasized in the USP.

Global and institutional level. The GCF is the largest multilateral climate fund and has a high level of legitimacy and convening power. However, some studies have suggested that the GCF does not currently maximize the potential of this position. For example, the IEU recently found that the GCF could improve its "convening and catalytic power" in the adaptation space to pursue greater coordination and develop and share best practices (Independent Evaluation Unit, 2021b).

The synthesis did not find clear evidence of whether the GCF has sufficiently articulated its value added relative to the wider climate and development finance landscape. Despite its size, the GCF represents only a small fraction of overall climate finance flows, and because the GCF has a broad mandate, there is potential for complementarity, duplication or misalignment with a range of other public and private climate finance actors and activities, depending on the approach taken.

At the institutional level, the GCF has made substantial efforts to align and integrate multilateral climate finance with like-minded funds. Significant efforts have been made with the Global Environment Facility (Green Climate Fund and Global Environment Facility, 2021) and Adaptation Fund to begin aligning processes and planning objectives, including some early joint programming and capacity-building activities at the global, regional and national levels. Proactive institutional engagement with other climate funds and development finance institutions remains at a more nascent stage.

Country and activity level. Annual reporting to the GCF Board describes efforts to mainstream coherence and complementarity into GCF activity level processes, such as the Operations Manual for the Project and Programme Lifecycle, Programming Manual and EWP guidelines. The Secretariat also reports that at least six countries have received direct support to develop complementarity and coherence approaches to programming. Multiple examples of GCF projects that appear complementary to (or coherent with) other climate finance projects have been identified through GCF and external studies.

Overall, the synthesis did not find strong evidence of the transmission mechanism from high level institutional objectives and processes to country level outcomes. The recent IEU LDC evaluation found that no systemic approach to coherence and complementarity could be identified in countries reviewed.

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[9] The four pillars are (1) Board-level discussions on fund-to-fund arrangements (governance, business models, policies); (2) enhanced complementarity between climate funds at the activity level (e.g. readiness activities, NDC/NAP support, accreditation processes, monitoring and evaluation); (3) promotion of coherence at the national level (aligning around investment programmes, policies, coordination); and (4) complementarity at the level of delivery of climate finance through an established dialogue between climate funds.

Operational framework. The reporting against the Operational Framework shows some loose application in terms of the definition and usage of the terms "complementarity" and "coherence" and the reporting boundaries between the pillars (particularly pillars 2 and 3). Collectively, this suggests some level of uncertainty in boundary definitions, concepts or availability of evidence.

C. Emerging observations for the SPR

This synthesis report serves multiple purposes; in and of itself, this report is a collection of evidence from GCF-1, it will also help inform the methods of the forthcoming SPR Approach Paper by identifying areas for further analytical exploration, and it may also inform the findings and recommendations of the final report of the SPR. The emerging, cross-cutting areas for further exploration in the SPR include the following:

- **Broader context of the GCF-1 period.** The SPR will need to consider GCF performance within the broader context surrounding the GCF's transition into a heavy implementation phase – namely, that the GCF-1 period has overlapped almost entirely with the global pandemic that has caused extensive disruption to communities, economies and delivery of development assistance. The pandemic has also had implications for governance and for management oversight, with Board meetings held remotely and with travel largely on hold.
- **Implications of the USP.** The synthesis report found ample evidence that the Secretariat is organizing its work programme around the USP, while the implications and outcomes of this remain largely unexamined in available documents. Key questions for the SPR could include the following: How relevant has the USP been in view of the GCF mandate? How has the USP been used? What have been the implications of the programming targets for how the USP has been implemented, to what extent are those targets compatible with each other, and are they aligned with wider strategic direction? What can be learned to strengthen strategic planning in GCF-2?
- **Issues of strategy.** Throughout the synthesis, emerging observations have related to issues of strategy and goal setting. These include a question of whether the GCF might better define its own "comparative advantage" and set boundaries, in order to (a) provide a more fully formed strategic rationale for its programming and its operational modalities, (b) determine its optimal institutional structures, processes and roles, (c) guide its approach for partnerships and complementarity and coherence at institutional and country levels; and (d) systematically leverage those advantages to increase impact and catalyse finance.
- **Key systemic issues for adaptive management.** The synthesis has shown that while the GCF has been able to incorporate some new insights from evaluations and other studies over time, many key perennial issues remain unresolved, including policy elements, the reliability of results reporting for aggregation, and capacity – from the capacity of the Board to deliver on its responsibilities, to the capacities of the Secretariat, the AEs and countries. These issues deserve a fresh look in the SPR.
- **Evaluability.** Another common theme in the synthesis – and an important one for designing the methods of the SPR – relates to evaluability. The GCF appears to be in a highly dynamic phase of its organizational development, with incremental process improvements actively under way. This can present a challenge for the SPR in assessing effectiveness and efficiency. One potential implication is that the SPR could better focus its attention on assessing whether the GCF is travelling in the right direction and identify a series of strategic pathways for GCF-2, to inform the priorities of the Board.

MAIN REPORT

Chapter I. PURPOSE, BACKGROUND AND METHODS

1. Through decision B.BM-2021/17, the Board of the Green Climate Fund (GCF) launched the Second Performance Review (SPR) of the GCF. This review covers the GCF-1 programming period. Decision B.BM-2021/17 states that the scope of the SPR is to assess the following:

   Progress made by GCF in delivering on its mandate as set out in the Governing Instrument as well as in terms of its strategic and operational priorities and actions as outlined in the Updated Strategic Plan for 2020–2023, in particular the extent to which GCF has responded to the needs of developing countries and the level of country ownership; the ability of GCF to catalyse public and private climate finance, including the use of financial instruments; and supported the building of institutional capacity in developing countries and accredited entities;

   Performance of GCF in promoting the paradigm shift towards low-emission and climate-resilient development pathways, including the effectiveness of the funded activities and its effectiveness and efficiency.

2. The Independent Evaluation Unit (IEU) will conduct the SPR to inform, among other things, the update of the Updated Strategic Plan for the Green Climate Fund: 2020–2023 (USP) for the GCF-2 programming period. An early component of the SPR is this synthesis report, which presents a synthesis of previous IEU evaluations, GCF Secretariat documents and related external literature. As a result, **this synthesis report is a substantive product of the SPR; it may inform the final report of the SPR and the findings and recommendations to be contained therein**.
3. Specifically, this synthesis has three main aims:
   - Evaluate information available in GCF-1 (2020–2023)
   - State what is already known regarding the SPR and updates the GCF Board on the SPR by synthesizing the key findings, conclusions, and lessons of the documents and evaluations available in GCF-1
   - Identify thematic areas for the SPR where there is already substantial evidence (e.g. areas that have been substantially addressed recently, or will be addressed in parallel with the SPR timeline), and where there are GCF knowledge gaps (e.g. areas that have not yet been addressed comprehensively or where the previous evaluative evidence is substantially outdated, or areas that are too recently developed for meaningful data to be available yet), which will help inform the methods in the forthcoming SPR Approach Paper
4. The GCF Board took note of the SPR's schedule in the 2022 IEU Work Plan, which states that the synthesis report will be delivered at the first Board meeting in 2022 (Decision B.BM-2021/17).
5. The synthesis is first and foremost a desk study, complemented by a limited set of interviews and updated data analyses. A detailed approach and methodology for the synthesis are described in the synthesis approach paper.[10]
6. **The synthesis uses the methodological framework of grounded theory**[11] – that is, an approach that aims to produce a theory that is grounded in data through an iterative and inductive process –

[10] Available at https://ieu.greenclimate.fund/sites/default/files/evaluation/211203-spr-approach-paper-synthesis-report-top.pdf.
[11] See, for example, Strauss, A. & J.M. Corbin. (1997). Grounded Theory in Practice. Sage Publications.

with a meta-ethnographic lens that considers the GCF institutional context, country context, policies and processes, and institutional relationships and dynamics. This approach ensures that data collection, synthesis and theory-building are done in an emergent yet structured way, enabling the synthesis to produce new interpretations and narratives beyond simply aggregating findings and evidence in the documents reviewed.

7. **The scope of the synthesis is bounded by documents produced during GCF-1**. Specifically, the synthesis considered the following document types:
   - IEU evaluation reports and other relevant products (such as evidence reviews, working papers and products from the IEU's Learning-Oriented Real-Time Impact Assessment), with priority given to evaluations completed during GCF-1
   - Key GCF documents from the GCF Secretariat, Board, independent units and auditors that were published in the period from B.25 (the first Board meeting of GCF-1) through to B.30, including relevant general, conceptual, and strategic documents and Board decisions12
   - Relevant external literature, including peer-reviewed literature and grey literature from multilateral organizations, think tanks and civil society organizations (CSOs); such external literature was generally used to support a broader understanding, framing or benchmarking of GCF performance in strategic areas
8. In total, nearly 200 documents were reviewed in detail (see full list in References). Documents were critically reviewed and appraised based on four screening criteria: (1) relevance/timing, (2) usefulness/sufficiency, (3) reliability/risk of bias, and (4) potential for literature review or benchmarking. Documents were also reviewed for data analyses previously conducted by the IEU and GCF Secretariat that were highly relevant to the SPR from a thematic perspective and highly informative. The IEU DataLab then updated these selected analyses with data through B.30.
9. The synthesis report was also informed by a small number of scoping and ground-truthing interviews with GCF Secretariat staff and members and alternate members of the Board and their advisers. A list of interviewees is provided in Annex 1.
10. This report is complemented by a concurrent IEU report on an assessment of progress made against the strategic and operational priorities and actions outlined in the USP. Therefore, this report addresses the USP in a more limited and indirect way.

[12] Procedural documents such as those related to provisional agendas, consideration of funding proposals, consideration of accreditation proposals, status of fulfilment of accreditation conditions, and dates/venues of upcoming Board meetings were not reviewed in detail for the synthesis. Instead, the synthesis considered documents such as the USP, Secretariat assessments, and other informational documents or available internal documents, including draft policy and strategy papers submitted to the Board for consideration.

Chapter II. ACCESS TO THE GCF

A. Introduction

11. Paragraph 45 in the GCF's Governing Instrument (GI) stipulates that "access to Fund resources will be through national, regional and international implementing entities accredited by the Board" and that "recipient countries will determine the mode of access and both modalities may be used simultaneously". The GI further provides for direct access in paragraph 47, stating that "recipient countries will nominate competent subnational, national and regional implementing entities for accreditation to receive funding". Further, in paragraph 49, the GI states, "the Board will develop, manage and oversee an accreditation process for all implementing entities based on specific accreditation criteria that reflect the Fund's fiduciary principles and standards and environmental and social safeguards".

12. Accreditation is fundamental to the GCF's partnership model, and the Fund relies squarely on AEs to deliver its mandate and implementation on the ground (Independent Evaluation Unit, 2019a). In 2014, the Board agreed on a broad accreditation framework with a three-step accreditation process. AEs must have in place best-practice environmental and social safeguards (ESS) and gender policies and must meet strong fiduciary standards to ensure good financial management. Under a "fit-for-purpose" approach, the application of fiduciary standards and ESS are categorized and matched to the risk level, complexity and size of the projects to be implemented by the AE. The Board approved initial guiding framework envisioned accreditation as a "dynamic process that is reliable, credible and flexible" and that links with readiness and the need to ensure effectiveness (Decision B.07/02).[13]

13. The USP sets clear ambitions for accreditation and direct access under its first and fourth strategic priorities of "Strengthening country ownership of programming" and "Improving access to Fund resources", in order to deliver balanced, impactful programming, including by significantly increasing portfolio funding through direct access entities (DAEs), while achieving a balanced adaptation and mitigation portfolio. An Updated Accreditation Framework (UAF) was presented by the Accreditation Committee to the Board at B.28 and at B.29, but not opened nor re-submitted at B.30 (GCF/B.28/12; GCF/B.29/06). The UAF remains part of the 2020–2023 Board workplan (GCF/B.28/Inf.13). An IEU independent synthesis of the GCF's accreditation function (Accreditation Synthesis) was submitted to the Board at B.28, together with the management response, but it was not opened (GCF/B.28/16; GCF/B.28/16/Add 01). The Accreditation Synthesis was discussed during a co-Chair consultation session held on 1 March 2021.

14. As of B.30, the Board has approved 113 entities for accreditation; of these, 95 have signed their legal arrangements with the GCF, and 87 have fully completed the accreditation process and can therefore operationalize their engagement with the GCF. Of those approved for accreditation, 41 are international accredited entities (IAEs) (37 per cent) and 72 are DAEs (national DAE 51 per cent and regional DAE 12 per cent).[14]

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[13] See also table of Board decisions and Board meetings on accreditation in Annex 2.

[14] As of 14 January 2022, the GCF dashboard also reports a pipeline of 130 AEs, with 13 AEs in Stage 2 and 117 in Stage 1.

B. Accreditation strategy and approach

15. **The need for an accreditation strategy emerged during the initial resource mobilization (IRM) and intensified in GCF-1. However, the GCF continues to lack a strategy on accreditation – a shortcoming that the USP and proposed UAF only partially address.** The GCF continues to rely on the initial accreditation framework approved at B.07. At B.10, the Board requested the Accreditation Committee to prepare, with the support of the Secretariat, an accreditation strategy that will "examine issues including efficiency, fairness and transparency of the accreditation process, as well as the extent to which current and future accredited entities enable the Fund to fulfil its mandate", but no strategy has been presented or discussed since B.14.[15] The Board has not provided guidance on corporate targets for numbers and types of AEs and how these targets align with GCF objectives and programming targets. The Board has also not provided guidance on expectations for outcomes in terms of how many funding proposals (FPs) would be expected or how much financing would be needed and through which types of entities (Independent Evaluation Unit, 2020b). This lack of fundamental clarity on "who should be an AE" may contribute to the weak programmatic alignment of the GCF with AEs. The IEU's Accreditation Synthesis found that the majority of DAEs did not have any FPs in the pipeline, and one in five did not have a concept note (CN), raising questions as to whether the current AEs were indeed the right partners.

16. While the USP provides high level direction for a more strategic approach to accreditation, it stops short of calling for an accreditation strategy or targets for the AE network (Independent Evaluation Unit, 2020b). USP Strategic Priority 4.4 identifies several strategic actions:
    - Focus on selection of AEs that are best suited to support the objectives of the GCF and match the programming and project delivery capabilities needed to implement countries' programming priorities, ensuring countries have coverage and choice of AEs
    - Seek to increase the share of DAEs above the IRM level
    - Strive for sufficient coverage across regions, access modalities, accreditation sizes, risk categories and financial instruments, prioritizing gaps in the AE network
    - Accredit institutions that are ready to meet GCF standards or that can work through required conditions needed to finalize their accreditation
    - Inform re-accreditation decisions with an examination of AEs' performance, considering IAEs' contribution to building the capacities of DAEs, and assess the extent to which AEs' portfolios beyond GCF projects have evolved towards low-emission and climate-resilient development pathways

17. The draft UAF was on the agenda for B.29 (it remained unopened), and it proposes to support the USP objective of a more strategic approach to accreditation. The document identifies improvements to the existing institutional accreditation process and developing alternative accreditation modalities, including a project-specific assessment approach (PSAA) (GCF/B.29/06). The draft UAF specifically proposes to better link DAEs to country programming and strategic choices, clarify access modalities and financing size for GCF programmes, and streamline the accreditation process. While useful, the UAF as submitted at B.29 is likely to still leave important strategic questions unanswered. It does not include a strategic vision or an outline of an aspirational portfolio of AEs

[15] A draft strategy was on the agenda for B.13 (document GCF/B.13/12) and was discussed at B.14. With decision B.14/08, the Board noted the draft accreditation strategy, and requested the Accreditation Committee, in consultation with the Secretariat, the AP and national designated authorities, to continue working on it and to present it again at B.15. No further draft strategy has been presented or discussed at any Board meeting since. Some strategic accreditation elements were discussed in the context of early drafts of the Updated Accreditation Strategy.

because this is a Board prerogative. Nor does it discuss how certain desirable means, such as IAE contributions to building DAE capacities, would be incentivized (Independent Evaluation Unit, 2020b). Further, the UAF itself notes that “accreditation does not guarantee alignment between the AE and GCF for any specific project or programme” (GCF/B.29/06).

18. **Numerous independent evaluations and Secretariat reviews have called for a more strategic approach to accreditation in the GCF in IRM as well as in GCF-1.** A primary recommendation of the 2019 IEU Forward-looking Performance Review (FPR) and the 2018 Moore Stephens Report (GCF/B.20/17, Annex IV) was for the Board to define an accreditation strategy with AE targets, actions, timelines, business standards and clear goals. More recently, the IEU’s Accreditation Synthesis suggested that a new accreditation strategy should guide the portfolio mix of AEs for the GCF through some central goals, rather than through a purely passive and bottom-up selection only based on technical and fiduciary qualifications and DAE nominations. The strategy should also provide guidance on how to engage with AEs (as delivery agents, knowledge partners, long-term country partners, etc.) and intentions on key outcomes (areas covered by AEs, targeted numbers, FP pipeline targets, etc.). The need for a strategy is echoed in Secretariat documents. The recent review of the Secretariat’s capabilities to implement the USP also called for a more proactive approach to accreditation and “targeted sourcing of high priority AEs through parameters based on programming strategy and profiles to actually develop climate projects” (GCF/B.30/Inf.08, Annex VII). The Secretariat’s 2022 work programme sees “critical levers [that] remain in the Board’s hands through … decisions on [AE] prioritization and an accreditation strategy” (GCF/B.30/09). Adoption of an accreditation strategy could also have a significant impact on focusing and streamlining accreditation efforts, as summarized by the latest USP progress review (GCF/B.28/Inf.10/Add.03).

19. **The lack of an accreditation strategy became apparent during the IRM and continues to create stress points within the GCF partnership.** One of the major conclusions of the IEU’s Accreditation Synthesis is that the accreditation function is overburdened with multiple goals, including partly conflicting ones, that the GCF may not be able to deliver on given its finite resources. The GI describes accreditation as a means for achieving both paradigm shift and direct access. Additional goals are for the GCF to establish broader IAE partnerships for additional financing of or redirecting attention to climate financing, particularly in the private sector (GCF/B.27/22, Annex II). An important GCF goal for accreditation is that of generating climate capacities in countries through DAEs and establishing high fiduciary, ESS and gender standards in DAEs. Further, an implicit expectation in the GCF accreditation function is that AEs will reform their non-GCF portfolio to align with the mandate of the GCF. Evidence presented by the Accreditation Synthesis suggests that the role of accreditation in achieving these and other goals is not straightforward in the GCF. The emphasis on swift paradigm shift and high-impact investments may not be compatible with DAEs’ longer term capacity-building objectives, which are likely to slow down investments. The necessity for speed and flexibility in the process may undermine an accreditation process with high and rigorous standards. There is currently no assessment or debate of trade-offs between these goals, nor guidance from a strategy.

20. In the absence of a strategic vision for accreditation, it is unclear what the GCF’s medium- and long-term AE network should be, including its size and distribution/mix. The GCF is the only multilateral climate fund that currently has no limits on the number of entities it may accredit (Independent Evaluation Unit, 2020b). The strategic actions in the USP, along with the Secretariat’s goals for annual AE network expansion (GCF/B.30/Inf.11), imply that more AEs will be better able to meet the GCF mandate, with expectations of continued growth in overall numbers and without explicit recognition of the potential challenges in that growth objective. For example, a potential challenge

may emerge in terms of the capacity demands on the Secretariat, Accreditation Panel (AP) and Accreditation Committee (to process those applications and oversee a large number of entities), and in terms of the reputational risk to the GCF of continuing to accredit more and more AEs without having a parallel growth in resources for programming.

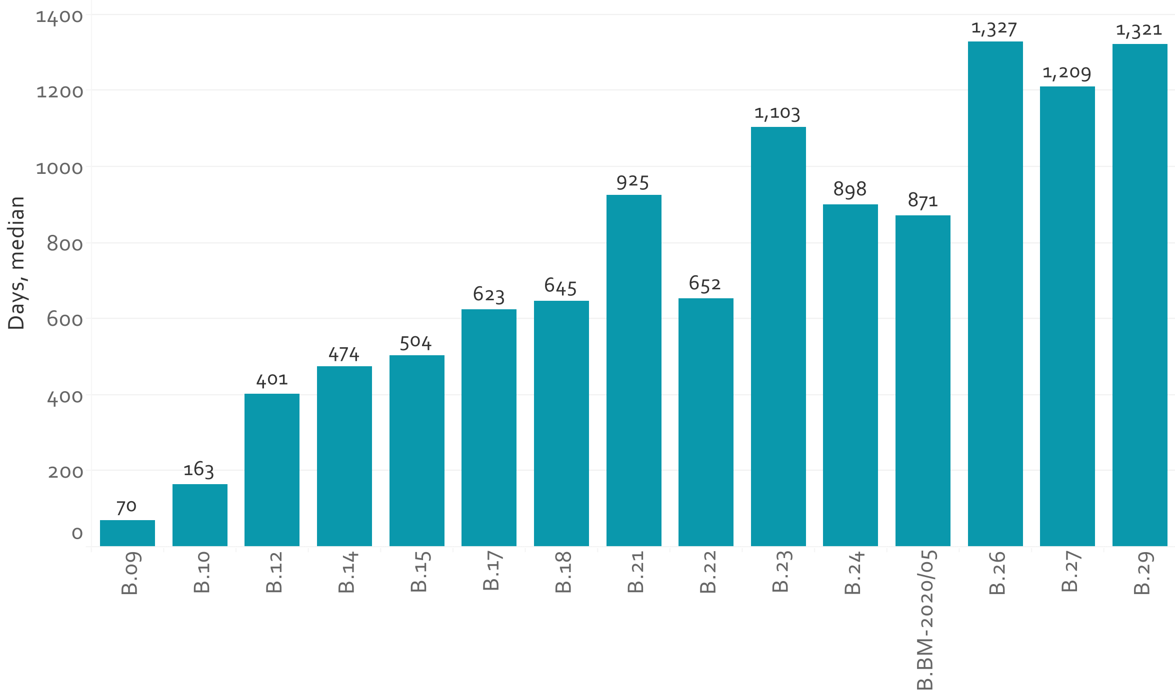
21. An implication of continued supply-driven growth in the number of AEs is that the GCF faces the challenge of not having enough of the "right" AEs for successful programming (rather than, for example, not having sufficiently aligned or capable AEs or lacking the incentives to motivate current AEs to maximize their engagement with the GCF and its eligible countries). As identified in the IEU's Accreditation Synthesis, the GCF continues to lack clarity on whether AEs are "simply channels of delivery or inextricable partners of the GCF".

C. Accreditation processes and modalities

1. Efficiency of the accreditation process

22. **The accreditation process is protracted and inefficient, and the process has not become more efficient since the IRM period.** Several evaluations, studies and documents submitted to the Board analysed the accreditation process and pointed to the length of reviews at the different stages (Independent Evaluation Unit, 2020b; Independent Evaluation Unit, 2019a; GCF/B.20/17, Annex IV; Independent Evaluation Unit, 2018a; Independent Evaluation Unit, 2018b; Independent Evaluation Unit, 2019b; Independent Evaluation Unit, 2020d). In decision B.22/16, the GCF Board also agreed to streamline the accreditation process and increase its efficiency. The median time taken by entities from submission of application to receiving Board approval has increased over time (see Figure II-1), especially during GCF-1, with AEs taking more than 1,000 days to become accredited by the Board (completing stage II). In addition, stage III (accreditation master agreement (AMA) effectiveness) remains another bottleneck for accreditation – it takes 19 months (unchanged since March 2020) (see Annex 3 – Chapter II). IAEs take longer to complete legal negotiations than DAEs, requiring a median of 22 months, compared to national and regional entities (14 and 15 months respectively). This is especially the case for IAEs and regional DAEs in the highest risk category.

Figure II-1. Median duration for Board approval for accreditation from B.09 to B.29



Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.
Note: A total of 113 entities have been accredited as of B.30. Duration of each stage: stage I – submission of accreditation application to close of stage I; Stage II – close of stage I to close of stage II (including steps 1 and 2).

23. Many of these entities have now reached AMA effectiveness. Only 60 AEs had effective AMAs in March 2020, compared with 87 in October 2021; in the same period the number of AEs with executed AMAs went from 73 to 95. It is uncertain whether this acceleration is the result of a faster process or simply a reflection of the backlog of AMAs being cleared.

24. **Three factors contribute to inefficiencies in the accreditation process: (1) process design and implementation, (2) AE capacities and (3) protracted legal negotiations for completing the AMAs (**Independent Evaluation Unit, 2020b)**.** IAEs and DAEs have different complications: IAEs have internal processes and policies that are difficult to negotiate and change; DAEs have issues with language and complying with ESS standards. The Accreditation Synthesis recommended that the Secretariat reduce process turnaround times, strengthen DAE support through the Readiness and Preparatory Support Programme (RPSP) and facilitate faster legal negotiations (for instance, through reducing duplications of reviews in various stages, merging review stages I and II, and provisioning external support for such reviews). To reduce the time taken from post-Board approval until AMA effectiveness, policy sufficiency should be assessed beforehand. The Moore Stephens report suggested that an optimal length for the accreditation process should be between 6 and 12 months, whereas the actual time taken was 28 months, on average (GCF/B.20/17, Annex IV). The report endorsed the skills and expertise of the Secretariat and Panel but criticized their capacities and resources. Time taken for accreditation has increased due to the higher numbers of applicants, because fewer applicants are eligible for fast-tracking, and the increased complexity of entities seeking accreditation for a broader range of specialized fiduciary standards and higher environment and social risk categories (Annual progress report on the implementation of the Updated Strategic Plan 2020–2023, for submission at B.31).

25. **The Secretariat is burdened with processing increasing pipelines for accreditation and re-accreditation while proposed changes and resources for higher accreditation efficiency are stalled in the Board.** The decision on UAF is pending with the Board. It proposes to reduce duplications in Stage I and II AE reviews and provide a budget for firms to assist the AP with application reviews, which could increase the annual number of AEs for Board approval from the current 10–12 applications to about 20 (GCF/B.20/06). According to the draft UAF, efficiency gains are also expected from further digitalization and the digital accreditation platform launched in December 2020. The draft UAF expects that the Secretariat would augment its capacity to review PSAA applications but would also require some additional external support to manage the overall PSAA function. In the meantime, the Secretariat has made some progress through supporting AE capacities upstream, including through more strategic selection of capable DAEs and provision of support for accreditation (Annual progress report on the implementation of the Updated Strategic Plan 2020–2023, for submission at B.31); see also section D below.

26. The re-accreditation process is expected to require an increasing portion of staff and resources from the Fund's accreditation infrastructure, with entity numbers expected to be up from 5 in 2021 to 29 in 2022. The latest USP progress report suggests critical bottlenecks and potential reputational risks for the GCF: more than 150 accreditation and re-accreditation applications were in the pipeline, whereas the Secretariat's processing capacity is an average of 60 applications at a time (Annual progress report on the implementation of the Updated Strategic Plan 2020–2023, for submission at B.31). It is far from certain whether the requested additional resources will be sufficient to deal with this influx.

2. Entity monitoring and accountability

27. **Monitoring and accountability for AEs have been insufficient in the past; the Secretariat has initiated review processes intended to help address this gap.** An initial monitoring and accountability framework for GCF AEs was approved by the Board in decision B.11/10. It sets out the incentives and remedial actions to ensure the AEs' compliance with GCF safeguards, standards and policies. The IEU's Accreditation Synthesis, however, found relatively weak assessments and monitoring of AEs, particularly on results and alignment with the GCF mandate, as well as assessments of IAEs' contributions to DAE capacity-building. The framework relies primarily on regular mandatory self-reporting by AEs, with only spot checks made by the Secretariat, but it also highlights an oversight role for NDAs and local stakeholders through participatory monitoring approaches (Schalatek and Watson, 2020). The Secretariat has started to fill this gap in the assessment and monitoring of AEs. As reported by the Secretariat, more and qualitatively higher standard AE reports have been received, including annual self-assessment reports, AE midterm reviews, entity work programmes (EWPs) and re-accreditation requests (GCF/B.29/Inf.07). The Secretariat has been reviewing these reports and summarizing their findings. According to the Board workplan, a preliminary report with an analysis of the AE portfolio was planned for 2021 (B.30) (GCF/B.29/Inf.07), followed by a comprehensive report scheduled for 2022 (GCF/B.28/Inf.13). Special attention is being placed on assessing AE alignment with country and GCF strategic objectives, IAE support to candidates for direct access accreditation, and the effects of accreditation on the AE's own activities more broadly, including in their overall portfolio.

3. Project-specific assessment approach

28. **A PSAA has been under consideration for three years without final Board approval, and the PSAA's main objectives remain unclear.** The Board agreed to the principle of a PSAA in decision

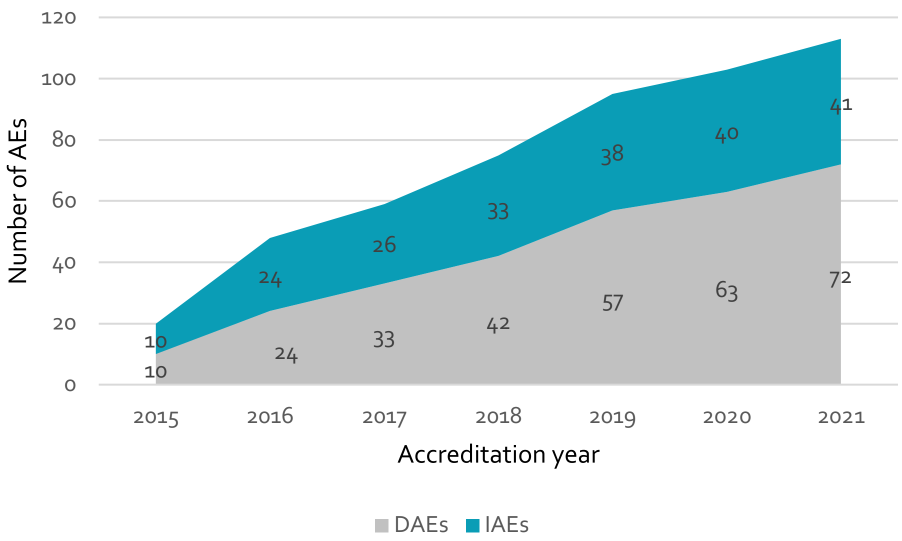
B.23/11 (2019), and the USP explicitly supported its development as a GCF modality. In principle, the PSAA would broaden access to the GCF for entities and countries seeking GCF resources on an ad hoc and limited basis but for whom the transaction costs of institutional accreditation are too high. It is intended as a complementary mechanism that also would enable the GCF to target specific projects and programmes (Independent Evaluation Unit, 2021a). Non-accredited entities from the private sector submitted FP CNs to the GCF in response to the 2019 PSAA decision under the Secretariat's special Mobilising Funding for Scale Pilot Programme, but so far the modality has not been approved by the Board (Schalatek and Watson, 2020). Different versions of PSAA eligibility and processes have been discussed by the Board since then (Independent Evaluation Unit, 2020b). The IEU's Accreditation Synthesis and private sector evaluation concluded that the objectives and strategic purpose of the PSAA remained unclear, especially related to attracting more and different private sector entities (Independent Evaluation Unit, 2020b; Independent Evaluation Unit, 2021a). Many requirements of the accreditation process would still apply under the PSAA for entities forwarding FPs. The evaluations call for better articulation of PSAA objectives and how the approach fits with current accreditation, while considering its risks and similar approaches and experiences in other funds.

D. Direct access

1. Trends in direct access

29. **Throughout GCF-1, DAEs have constituted an increasing proportion of AEs, yet the approved project portfolio remains skewed towards IAEs and a relatively small number of DAEs.** DAEs represent more than half, and a growing proportion, of the total number of AEs approved for accreditation, consistent with the USP's priority to increase direct access (Figure II-2). The percentage of all AEs that are DAEs increased from 61 to 64 per cent between 2020 and 2021.

Figure II-2. Annual changes in AE network size, 2015–2021, by access modality (IAEs and DAEs)

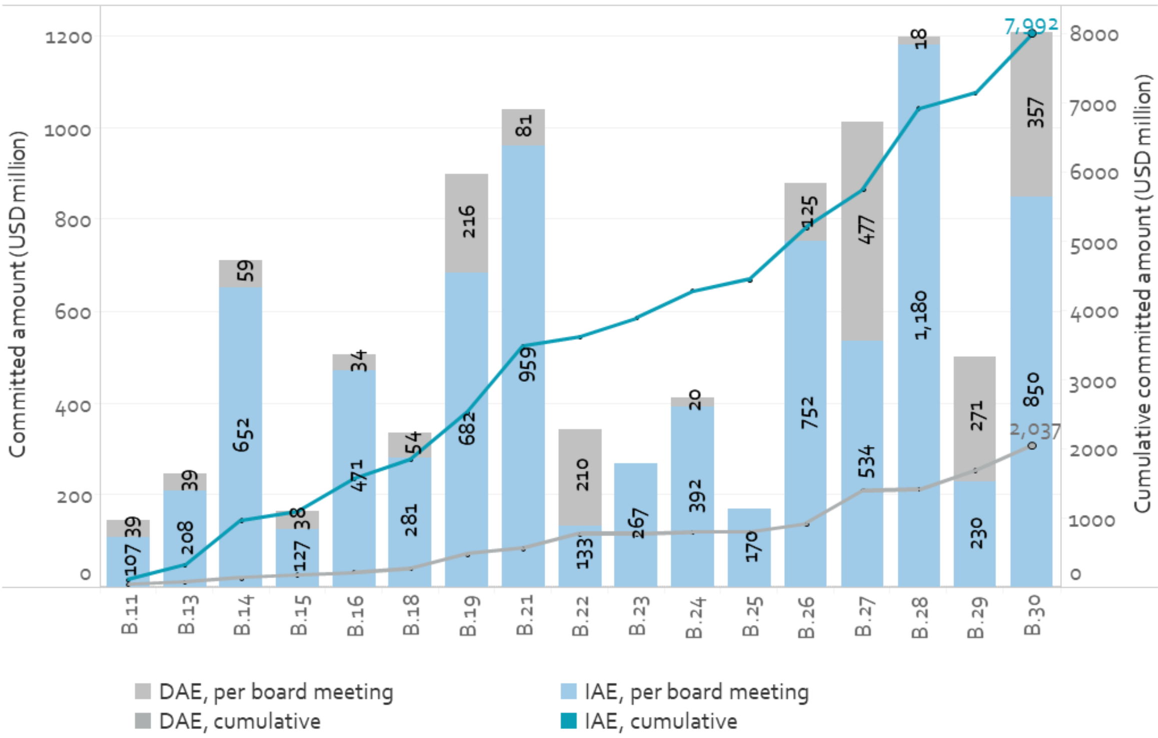


Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.

30. The proportion of funding approved through DAEs doubled to 23 per cent in GCF-1, compared with 12 per cent in the IRM (Annual progress report on the implementation of the Updated Strategic Plan

2020–2023, for submission at B.31) (Figure II-3). But the DAE share of the total GCF approved project portfolio was still only 20 per cent as of December 2021 (up from the IRM baseline of 14 per cent). The DAE share also remains skewed towards a relatively small number of DAEs. In early 2021 two thirds of all accredited DAEs did not have any approved FPs (41 DAEs). Approved direct access FPs were concentrated in a few DAEs, with six entities[16] responsible for implementing half of the approved portfolio (GCF/B.29/Inf.07, Annex I). In GCF-1, the Infrastructure Development Company Limited and the Central American Bank for Economic Integration (CABEI) made it to the top 10 AEs, as ranked by the GCF according to approved funding. They replaced the Development Bank of Southern Africa (DBSA), which was on the list during the IRM. Otherwise, all other top 10 entities are IAEs.

Figure II-3. Committed project funding across Board meetings by modality



Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.

31. **DAEs are also underrepresented in the pipeline.** In 2020, the IEU's Accreditation Synthesis found that 52 per cent of all accredited DAEs did not have any FPs in the pipeline, and 21 per cent did not even have a CN (Independent Evaluation Unit, 2020b). In 2021, the DAE Action Plan reported that among the 218 FPs and CNs from DAEs in the pipeline, only five entities[17] have most of their proposals in a mature stage of review (GCF/B.29/Inf.07, Annex I). An unknown number of proposals are stuck in the pipeline, some of them from as long ago as 2016, with plan stating they "become non-responsive or slow to respond to Secretariat correspondences, resulting in many

[16] These being West African Development Bank (BOAD), Corporación Andina de Fomento – Andean Development Corporation (CAF), Development Bank of Southern Africa (DBSA), Infrastructure Development Company Limited, National Bank for Agriculture and Rural Development (NABARD) and Central American Bank for Economic Integration (CABEI).
[17] BOAD, CABEI, CAF, National Environment Management Authority (NEMA), and Palli Karma Shohayak Foundation (PKSF).

inactive concept notes in the pipeline." DAEs had 40 per cent of all CNs and 32 per cent of all pipeline projects, but only 23 per cent of all approved FPs (see Annex 3). The number of proposals that are no longer under active development is unknown.

32. **Timing issues, weak capacities and country preferences contribute to the imbalance in the portfolio.** There is no evidence that these factors have significantly changed from the IRM to GCF-1. There are several contributing factors, including the following:

- A number of accredited DAEs do not yet have AMAs or signed them only recently
- Many DAEs have not brought forward FPs for approval
- Lack of capacity, resources and expertise in DAEs contributes to a poor quality of proposals and longer Secretariat review and processing times
- Few DAEs are accredited for high-volume and multiple financial instruments
- Not all countries prefer to work with or have access to DAEs (Independent Evaluation Unit, 2020b)

33. Also, AE selection criteria have not sufficiently emphasized climate experience and focus at accreditation. Instead, they have mostly been concerned with fiduciary aspects and risk management policies. AE climate experience has only been reviewed at the FP stage (Independent Evaluation Unit, 2019a; Independent Evaluation Unit, 2020b). This has proven to slow down FP development considerably as climate-oriented components and requirements for data on climate rationale are frequently not well captured, particularly by DAEs. The IEU Accreditation Synthesis found that the accreditation process cannot assess capacity issues specific to a project in a specific sector and geography, and that the process of accreditation does not check the ability of an AE to assess its own alignment with GCF objectives. In other words, while accreditation is an assessment of the performance of an AE against three standards, it does not necessarily amount to a test of the AE's ability to prepare FPs suited to the GCF.

34. **Simulations by the GCF Secretariat and the IEU indicate that the GCF has a long way to go to increase the DAE portfolio share relative to the IRM, and that other GCF goals may be in the way.** A Secretariat simulation demonstrates the difficulties in simultaneously achieving GCF targets for overall portfolio volumes, direct access, and adaptation/mitigation and public/private sector balance, as DAEs are commonly accredited for smaller funding size and lower risk categories tilted towards mitigation, and few private sector DAEs submit proposals (GCF/B.29/Inf.07, Annex I). Even if the share of project funding approved for DAEs was doubled in GCF-1 compared to the IRM (from 16 to 32 per cent), a simulation in the IEU Accreditation Synthesis suggests that the projected DAE share in the overall GCF funding portfolio would increase to only 25 per cent by 2023. It is estimated it would take a 50 per cent increase to DAE funding approved in GCF-1 to bring the DAE portfolio share up to 37 per cent (see Annex 3**Error! Reference source not found.**). As already observed in late 2019 (Schalatek and Watson, 2020), "without additional efforts to prioritize the accreditation of national and regional institutions and the upgrade of current direct access AEs for financial intermediation and larger and higher risk project categories, the existing imbalance in who accesses GCF funding will continue".

2. Aligning direct access, country ownership and programming

35. **While direct access plays an essential role in supporting country ownership in the GCF, channelling funding through DAEs is not the only way to ensure a country-owned pipeline of GCF projects.** In general, country stakeholders perceive direct access as highly valuable and fundamental for country ownership (Independent Evaluation Unit, 2019b). But in practice, countries

have often preferred to secure faster implementation through IAEs than to wait for a DAE to become accredited and operational (Independent Evaluation Unit, 2020a; Independent Evaluation Unit, 2018a; Independent Evaluation Unit, 2019b; Independent Evaluation Unit, 2020b). This is particularly the case for sectors in which IAEs have long-standing experience, such as in infrastructure and agriculture, and for larger and riskier projects. Having more DAEs does not necessarily translate into more and easier access for countries to GCF funding, particularly if they are national DAEs. The FPR found that "ultimately, countries are far more interested in securing any funding at all than in obtaining any particular institutional arrangement or access modality of funding. Direct access presents obvious benefits, but the chief demand is for smooth, predictable and efficient funding cycles." (Independent Evaluation Unit, 2019a) Reflecting the lack of a strategic approach at the corporate level, accreditation and FP programming decisions at the country level were largely made based on quick access to funding (Independent Evaluation Unit, 2020b; Independent Evaluation Unit, 2020a; Independent Evaluation Unit, 2022a). There is continued recent evidence that choice of DAE agencies at the country level has not always been determined strategically and for the long term (Independent Evaluation Unit, 2020b; Independent Evaluation Unit, 2019b; Independent Evaluation Unit, 2022a).

36. **At B.29, the Secretariat introduced an emerging 2021 DAE Action Plan intended to help meet the direct access objectives of the USP and the principle of country ownership; the effectiveness of the plan is not assessed in this synthesis report (GCF/B.29/Inf.07 Annex I).** The plan focuses on integrating the Secretariat's approach to DAE support from entity nomination through to project approval, with three main actions proposed to increase the share of DAE investments in GCF-1:

- Diversify the range of DAEs and advise countries on the strategic nomination of DAEs
- Improve guidance and support for project development aligned with country priorities and the 2020–2023 Strategic Plan
- Strengthen support for DAE capacity-building, including in the context of national planning efforts

37. In addition to increasing DAE programming, the Secretariat also expects that the implementation of these proposed actions would lead to (a) more effective coordination between NDAs and DAEs at the national level to promote country-aligned channelling of climate finance; and (b) greater alignment in ensuring DAEs have better capacity to deliver on country priorities (GCF/B.29/Inf.07 Annex I).

38. Country programming would remain the cornerstone for ensuring a more country driven GCF portfolio and would enable early identification of well-aligned project concepts, particularly by DAEs (GCF/B.30/09). For this purpose, the Secretariat would support the completion of at least 30 high-quality CPs in 2022, in line with the updated guidance for country programming of 2021 (Green Climate Fund, 2021a). So far, 32 countries have published their CPs on the GCF website and four have been endorsed by the Secretariat's Climate Investment Committee. Problems with first generation CPs, especially the lack of incentives for countries to develop CPs and use them for their own accreditation and programming decisions, are widely acknowledged. The B.31 USP progress report provided by the Secretariat asserts that improving their usefulness would require a combination of closer GCF engagement and technical support for investment planning in coordination with AEs and updated country ownership and programming guidelines (Annual progress report on the implementation of the Updated Strategic Plan 2020–2023, for submission at B.31). See also Chapter IIIB1 on country programming.

3. Capacities for direct access

39. **Evidence from the IRM and GCF-1 alike points to the lack of capacity as the primary challenge to increasing the role and effectiveness of DAEs in delivering climate finance.** Lack of capacity affects the ability of potential DAEs to work through the accreditation process and develop and submit quality CNs and FPs, and to implement them once approved. National entities perform less well compared to IAEs and regional AEs on quality of entry for the GCF, partly as issues such as climate rationale, gender and ESS are more difficult to handle for national DAEs (Green Climate Fund and Independent Evaluation Unit, 2019). Lack of capacity to prepare GCF FPs is also a primary challenge for Small Island Developing States (SIDS) and least developed countries (LDCs) seeking access to the GCF (Independent Evaluation Unit, 2020a; Independent Evaluation Unit, 2022a). For this reason, national DAEs could most likely benefit most from targeted capacity-building (Independent Evaluation Unit, 2020b).

40. The USP indicates that "the GCF will scale up pre-and post-accreditation support for DAE institutional development, converting country priorities to concepts, project formulation/structuring and implementation." Accordingly, the Secretariat's DAE Action Plan states an aim to shift country capacity support towards more integrated, end-to-end support for DAEs, from pre-accreditation through FP programming and into implementation. Initiatives to be rolled out over 2022 would include expert placements in DAEs, a DAE onboarding/training, and developing standardized readiness packages. The Secretariat also plans to activate readiness and Project Preparation Facility (PPF) technical assistance and grants to help move DAE projects through the project cycle. The effectiveness of these efforts remains to be examined.

41. **Multiple programmes and processes support direct access in the GCF, but overall, their effectiveness has been low to date.** Capacity development supported through the RPSP and PPF has not been sufficient to increase the DAE role in the portfolio so far. But their effectiveness for DAE institutional capacity-building and higher quality of FP is uncertain, because their outcomes are not systematically monitored and evaluated, especially those of the RPSP (see also Chapter VI). Only 16 per cent of RPSP grants went directly to DAEs (grant numbers, not funding) – 10 per cent to regional DAEs and 6 per cent to national DAEs – compared with 40 per cent to IAEs and 36 per cent to non-accredited delivery partners (GCF/B.29/Inf.07/Add.04). Regional DAEs in the Pacific region report challenges in accessing RPSP support to build their capacity (Independent Evaluation Unit, 2020a). The capacities strengthened through accreditation are not necessarily the capacities needed to prepare and implement GCF funded projects. DAEs in SIDS are experiencing long time lags between Board accreditation and the approval of post-accreditation RPSP support.

42. In 2019, the IEU FPR recommended that the GCF consider integrating readiness far more closely into accreditation to create GCF-ready entities and achieve greater participation and disbursement of GCF investments through DAEs (FPR Recommendation 1.a). In 2020, the Secretariat approved 51 RPSP requests in order to identify a transformational pipeline of projects and develop specific investments for eventual submission to the GCF, including investments developed with DAEs. It remains to be seen to what extent these requests may succeed. These grants are supposed to deliver 13 country investment pipelines, 86 CNs and three PPF requests (GCF/B.29/Inf.07/Add.04). Only 12 of 165 new RPSP proposals in 2021 were multi-year readiness proposals, a number that the Secretariat aims to increase (GCF/B.30/Inf.11).

43. In terms of PPF and improved direct access, the Secretariat reports that two thirds of the PPF portfolio and five out of the six new PPF approvals in 2021 were to assist DAEs. So far, a total of 24 PPFs from DAEs have been received by the GCF and are active (for a total of USD 18.1 million), with three having resulted in associated FPs approved by the Board (GCF/B.30/17, Annex VIII). In

addition, a new PPF service modality was operationalized in 2020 via a roster of international firms directly working with DAEs (GCF/B.30/Inf.11).

44. The Secretariat also envisions that more future support for DAE programming will come through the updated simplified approval process (SAP) modality and the review of the enhanced direct access (EDA) requests for proposals (RFP) (GCF/B.30/Inf.11). The Secretariat reports signals of growing interest from countries and DAEs in the EDA modality. One EDA was approved by the Board at B.30. But programming under the existing GCF RFPs continued to remain uneven, a persistent trend over the past couple of years. In line with the 2020–2023 Board workplan and the 2021 policy agenda, the Secretariat worked towards conducting an overall assessment of the performance and results of all GCF RFPs and the RFP modality for consideration by the Board at B.30. The IEU's recent rapid appraisal found that the EDA RFP was relevant to the GCF's objective to strengthen country ownership and enhance direct access, but was not effective in improving the accessibility of the GCF to national entities (Independent Evaluation Unit, 2021b). Restructuring of EDA and better applying project approval processes under the SAP, combined with a more integrated use of RPSP and PPF resources for DAE accreditation and FP development, are central arguments to enhance direct access to the GCF in a 2021 working paper and article by the World Resources Institute (World Resources Institute, 2021a).

45. **Building the capacity of DAEs through IAE support has been underutilized, in part due to the lack of incentives for IAEs to provide such support.** Some IAEs are working with DAE candidates on their accreditations, through training and sharing of technical and specialized expertise to help develop an independent project pipeline. But this is the exception and not the rule. It is not done systematically, and where it is done, it is often not related to the GCF but to long-standing relationships between IAEs and these entities (Independent Evaluation Unit, 2019b; GCF/B.24/Inf.04).

46. Reporting by IAEs on such capacity-building is not sufficient (Independent Evaluation Unit, 2020b). The current template for AE self-assessment reports only includes one item on capacity development and refers only to RPSP support received. EWPs also do not include sufficient information on planned capacity-building. In the available EWPs, few IAEs reported on assistance planned to be provided to DAEs, and when they do, they do so in vague terms. On the receiving end, most DAEs do not provide information about support they expected to receive for capacity development. IAEs lack incentives to provide capacity support to DAEs, and the GCF does not compensate IAEs for such efforts. IAEs often do not have the resources and budgets to provide technical assistance to local institutions unless explicitly included in project funding (GCF/B.24/Inf.04; Independent Evaluation Unit, 2019b).

47. The Accreditation Synthesis report specifically recommended that the move towards a system in which IAEs DAEs co-plan, co-implement, and co-report on FPs/projects (Independent Evaluation Unit, 2020b). The Secretariat prefers to create incentives for IAEs to work with DAEs rather than making this a requirement (Independent Evaluation Unit, 2020b). One possible incentive channel is through re-accreditation. The USP suggests that re-accreditation decisions should consider IAEs' contributions to building capacities for DAEs (GCF/B.27/21). The draft UAF specifically includes the contribution by IAEs to building capacity of DAEs and other country entities to meet GCF accreditation requirements as part of the GCF scope of review for accreditation (GCF/B.29/06, Annex II). For instance, for the case of United Nations Developmenet Programme (UNDP) re-accreditation, the Secretariat/AP assessment found that UNDP had not directly supported DAEs (or potential candidates) through GCF funded projects but that it was working and providing capacity support with non-GCF funds to many accredited DAEs, GCF executing entities, and other potential

subnational, national and regional entities to meet GCF accreditation requirements. The assessment recommends that in the future, UNDP work directly with the GCF-accredited DAEs as executing entities, rather than non-accredited ones. In the case of the International Union for Conservation of Nature's (IUCN) re-accreditation, the organization was found to have provided various types of support to 10 DAEs or potential entities in five countries or regions by engaging these entities as partners or executing entities and on technical matters. This information was self-reported by IUCN over the years and no further judgment was made by the assessment (GCF/B.30/17**,** Annexes III and IV).

E. Accredited entity coverage and access

48. **The focus in the USP on strategic and sufficient coverage by AEs to meet GCF objectives and match programming gaps and needs has not yet been operationalized.** Analysis of these gaps in coverage and capabilities – particularly as they relate to country programming needs – has not yet been conducted, although the GCF has recently launched an RFP for consultancy services to this end. Below, the synthesis report explores AE coverage from two perspectives: direct access and the private sector.

1. Coverage by access modality

49. With respect to coverage by access modalities, IEU analysis shows that only 37 per cent of GCF-eligible countries are covered by a DAE (Independent Evaluation Unit, 2020b, updated to January 2022). Coverage by both current and potential national DAEs is particularly low for SIDS, at 10 and 56 per cent, respectively. For African States and LDCs, national DAE access is about 20 per cent, with more national DAEs in the pipeline. SIDS are better covered by regional AEs (26 per cent), especially compared to LDCs at only 4 per cent. A relatively high coverage of DAEs in vulnerable countries is explained by continental or regional entities serving these countries. About 45 GCF-eligible countries do not have any access to DAEs and have no DAEs in the accreditation pipeline.

50. Coverage by DAEs may increase with continued accreditation. More than 60 per cent of GCF-eligible countries have nominated at least one national or regional entity for accreditation, and more than a third of those nominated four or more DAEs (Table II-1). So far, 33 countries have one entity accredited, 18 countries two, five countries (Brazil, Colombia, Dominican Republic, Kenya and Mexico) have three entities accredited, Morocco has four and India has five (Independent Evaluation Unit, 2020b).

Table II-1. Percentage of countries with access to national and regional coverage and count of their approved FPs, by replenishment period

		GCF-ELIGIBLE COUNTRIES (154)		AFRICAN STATES (54)		LDCS (46)		SIDS (40)	
		% countries	FPs approved	% countries	FPs approved	% countries	FPs approved	% countries	FPs approved
National coverage	IRM	21%	17	20%	8	20%	4	10%	1
	GCF-1 current	24%	8	24%	2	24%	3	10%	2
	Potential	66%	N/A	69%	N/A	65%	N/A	56%	N/A
Regional coverage	IRM	18%	10	13%	6	4%	5	23%	4
	GCF-1 current	19%	9	13%	3	4%	3	26%	3
	Potential	37%	N/A	46%	N/A	26%	N/A	36%	N/A

Source: GCF accreditation team as of B.30 (8 October 2021). Analysis by the IEU DataLab.
Note: Current coverage consists of countries with at least one accredited national/regional entity as of B.30. Potential coverage considers countries with at least one accredited national/regional entity and/or at least one national/regional entity with an accreditation application pending. African States, LDCs and SIDS are not mutually exclusive categories. The table should be interpreted as follows: there are 44 approved FPs by DAEs (national + regional AEs) across all GCF-eligible countries. National AEs have 25 approved FPs in total, and regional AEs have 19 approved FPs in total. 24 per cent of African States are currently covered by national AEs, and these AEs have 10 FPs approved.

51. Fewer DAEs than IAEs are accredited to carry out large and higher risk projects and those involving loans, resulting in implications for meeting other GCF programming goals such as diversifying the use of financial instruments. The majority of DAEs are only accredited for micro and small project sizes, including regional entities, although there are also a few national DAEs among the medium-size category (see Annex 3). Less than one fifth of DAEs are accredited for Risk Category A projects, compared with more than half of IAEs. About two thirds of DAEs are accredited for grants, but only half of them for loans (Independent Evaluation Unit, 2019b). There is, for example, no regional DAE in the Pacific accredited for on-lending (Independent Evaluation Unit, 2020a). Most DAEs are banks and specialized environmental organizations. The percentage of CSOs serving as DAEs is relatively low, and most are regional DAEs.

52. The IEU's country ownership evaluation found that where available and accredited, national and regional DAEs have the relevant capacity and experience to address their countries' climate priority areas (Independent Evaluation Unit, 2019b). A 2021 World Resources Institute analysis found four advantages of direct access, especially through national DAEs (World Resources Institute, 2021c). First, they are more likely to bring adaptation finance to the local level (such as small grants and training provided by the Environmental Investment Fund of Namibia (EIF)). Second, direct access strengthens national institutions with demonstrated green project success to gain a seat at the policy level, helping usher in climate-compatible public policies (such as DBSA in South Africa and XacBank in Mongolia). Third, national and local institutions are in it for the long run and are thus uniquely positioned to advance national climate priorities, and GCF funding can elevate their status. Fourth, DAEs tend to be diverse, are relatively smaller and have less complex governance and operational structures than international institutions, which allows them to be nimble and innovative

in crafting solutions to climate challenges (for instance, the Department of Environment DAE in the Ministry of Health and Environment in Antigua and Barbuda). On the other hand, some DAEs, particularly regional ones, may not yet have enough experience, especially with adaptation projects (Independent Evaluation Unit, 2021c). Although they may be able to use a diverse set of instruments, they tend to have limited capacity, experience and network limitations in originating and implementing them. DAEs have taken more than double the time to conclude legal negotiations for adaptation projects than IAEs.

53. The question of sufficient coverage must also consider the willingness and capacity of IAEs and regional DAEs to take on projects in their relevant geographies. For example, while regional DAEs cover most SIDS and are often the preferred AEs for SIDS, they are often overwhelmed with requests for both RPSP and pipeline development relative to their staff capacity. Some regional DAEs work with up to 14 GCF-eligible SIDS yet have fewer than five staff members, which is considered a serious limitation to undertake relatively complex GCF FPs. Similarly, staff from many IAEs report being disincentivized by what they perceive as high transaction costs when working with the GCF to pursue the small-sized projects often associated with SIDS. Some respondents from NDAs in SIDS reiterated the difficulties faced in finding an IAE willing to carry forward a national priority project (Independent Evaluation Unit, 2020a).

2. Private sector direct access

54. **Although a larger proportion of private sector funding has gone to DAEs compared to the proportion in the public sector, untapped potential remains for stronger private sector focus.** Out of almost USD 3 billion allocated so far to Private Sector Facility (PSF) projects by the GCF, 16 per cent went to regional DAEs and 14 per cent to national DAEs, with the remaining 70 per cent managed by IAEs (see Annex 3) (Independent Evaluation Unit, 2021a). Nearly 25 per cent of all PSF finance is going to private sector DAEs that mostly cover LDCs and SIDS. But the number of GCF private sector DAEs remains very small, totalling 7 out of 28 private sector AEs in the GCF, including IAEs. According to the IEU private sector evaluation, the country driven pool of DAEs for the GCF is limited, and strategic clarity in identifying such DAEs is weak, particularly for SIDS and LDCs. The PSF does not strongly engage with national governments and NDAs, and RPSP and other Secretariat support is not well-oriented to the private sector. The USP does not explicitly call for country driven private programming, even though the GI stipulates that "the operation of the [private sector] facility will be consistent with a country driven approach" (FCCC/CP/2011/9/Add. 1 Decision 3/CP.17/, Annex V). Time taken for accreditation of private sector entities is longer than for the public sector and procedures are considered too cumbersome (Independent Evaluation Unit, 2021a). In some countries, such as Chile, DAE candidates are no longer pursuing accreditation. To what extent the PSAA should be able to address this challenge remains unclear (see also section C above). Ways to ensure more country driven private sector FPs would include streamlined accreditation processes, coordinated DAE accreditation, NDAs engaging with the private sector beyond the no-objection letter stage, and NDAs and CPs better defining the types of private sector projects considered desirable by countries (Independent Evaluation Unit, 2021a).

F. Emerging observations for the SPR

55. Accreditation and direct access have received much attention during GCF-1 and appear to have been adaptively managed, at least partly. The USP prioritized a more strategic approach to accreditation and significantly more funding through direct access, and the Secretariat embarked on new initiatives and activities to improve efficiency and capacity support. But some of these initiatives

(UAF, PSAA) were stalled in the Board proceedings, while others have had limited implementation. Overall not much progress is seen yet in the key indicators of accreditation processing times, DAE shares of portfolio funding and coverage, and easier programming.

56. Many of the recommendations from IEU evaluations in GCF-1 are still relevant and have not been fully addressed. More IEU analysis is expected for 2022 with the planned rapid assessment of direct access and the Secretariat's analysis of alignment of the AE portfolio. The SPR may draw on these analyses to assess effectiveness of ongoing Secretariat activities, identify key obstacles that constrain progress in operational modalities, and focus on the larger picture of the GCF accreditation strategy (and implicitly direct access), a fundamental, yet pending issue still to be fully addressed. The opportunity of new incoming AE data, particularly in the context of re-accreditation, needs to be captured, especially on GCF alignment, twinning of IAEs and DAEs, and broader climate finance impact in AEs through GCF collaboration. There are several potential areas of exploration for the SPR:

- **Strategy.** Accreditation at the GCF has led to a large and diverse portfolio of AEs, but the GCF lacks a strategic approach to define who the Fund wants to work with (e.g. what types of entities should be accredited) and what entities are needed to reach its goals. It is far from clear whether the current set of AEs is strategically the best one for GCF and developing countries, to pursue the GCF's mandate and mobilize finance through partnerships, address country strategic objectives for GCF collaboration, and deliver a thematically and geographically balanced portfolio. Manageability of AE partnerships and networks is also a key consideration, as well as tensions between these objectives. There is not enough evidence yet on how successful the Secretariat has been in GCF-1 to better align accreditation, especially of DAEs, with country and GCF programming objectives.[18] An area of exploration for the SPR is to help identify key strategic considerations for access and accreditation, to inform the GCF's decisions on AE network strategy and the strategic plan for the next programming period, with insights for the business model.
- **Accreditation and re-accreditation processes.** Potential early gains from Secretariat efforts to enhance accreditation efficiency in GCF-1 (such as through better information, electronic platforms, and targeted capacity support) deserve to be summarized in the SPR, as well as remaining obstacles as perceived by stakeholders, be it in Secretariat or AP capacities and in the processes themselves. The newly launched process of re-accreditation is also deserving of SPR examination, including the process and criteria, the implications for Secretariat capacity planning, and the perspectives of AEs towards continued collaboration with the GCF.
- **Direct access.** Few DAEs, particularly national ones, have yet managed to get FPs approved. This synthesis raises several strategic issues on direct access that could be explored in more depth in the SPR and complementary planned IEU 2022 direct access review. Unresolved issues include, for instance, whether the GCF needs more DAEs, or if the focus should be on building the capacity and accreditation scope of existing DAEs and filling specific gaps. Another question is why so many DAEs that are accredited for multiple instruments do not make use of their accreditation scope. It is also interesting to examine how direct access (and country ownership) are affected by the short- and long-term choices made by NDAs, IAEs, executing entities, DAEs and potential DAE candidates themselves. Last, accreditation alternatives and complementary, easier pathways for direct access, such as PSAA, SAP and

[18] This is expected be done in along with the IEU rapid assessment on direct access.

EDA and their lack of impact to date, particularly for untapped potential in the private sector, should be critically appraised (summatively) by the SPR.

- **Capacity-building.** Multiple programmes and activities support the capacity of DAEs to achieve accreditation, develop programming and implement GCF policies, but their overall effectiveness has not been demonstrated to date. It remains to be seen whether analysis of newly available data from RPSP completion reports could provide insight on the outcomes of these grants in relation to pre-and post-accreditation support; re-accreditation assessments also provide some insight into IAE support for DAE accreditation and FP development.

Chapter III. PROGRAMMING IN THE GCF

A. Introduction

57. The GCF uses a suite of operational modalities to support the programming cycle, from readiness and planning support to direct project and programme solicitation, through to the appraisal and approval process. These processes are critical to how the GCF promotes quality, paradigm shifting and impact potential in FPs. More broadly, they facilitate the achievement of the strategic priorities set out in the USP:

- Strengthen country ownership of programming
- Foster a paradigm shifting portfolio
- Catalyse private sector finance at scale
- Improve access to Fund resources

58. The USP notes that successful delivery of the GCF strategic vision, objectives and priorities for 2020–2023 is critically dependent on the GCF taking steps to evolve its operating modalities and institutional capacity to successfully execute its programming strategy. Over the IRM period, the GCF built a unique operating model that has added value to the climate finance landscape. But feedback indicates that the GCF must be able to respond with improved predictability, transparency, speed, efficiency and effectiveness to match the urgency of the climate challenge (GCF/B.27/21).

59. The GCF Programming Manual identifies 10 stages in the project/programme cycle. This chapter focuses on stages 1 through 7 (country and EWPs, targeted project generation, CN submission, FP development, FP review, Board consideration, and legal arrangements and post-approval) (Green Climate Fund, 2020).[19]

B. Programming and pipeline development

1. Country programmes

60. **The country programmes (CPs) have not yet adequately delivered on the stated aims of the CP development process:** identifying areas of highest impact and paradigm shift potential, developing a country-owned pipeline, and identifying areas for strategic use of RPSP support (Independent Evaluation Unit, 2019b). Although 26 countries have had their CPs published on the GCF website, only four CPs to date have been endorsed internally (two in 2021). The Secretariat notes that this reflects the need for further guidance from and closer engagement with the Secretariat prior to the national validation of the CPs. The first generation of CPs sought to compile all project proposals that met national priorities, without giving full consideration to the GCF's comparative advantage among other sources of finance (GCF/B.30/Inf.11).

61. In many countries, the CP was viewed as a GCF requirement to satisfy, rather than as being something that could contribute to country planning or developing a GCF investment pipeline (Independent Evaluation Unit, 2019b). CPs are not fully incorporated into the GCF business model, and there is limited use of them for GCF programming as currently implemented. Also, there is often a gap between the GCF country portfolios and the project priorities outlined in the CP

[19] The final three stages are: monitoring for performance and compliance (of approved projects); adaptive management; and evaluation, learning and project closure.

document (Independent Evaluation Unit, 2022a). Country stakeholders, and even delivery partners, have perceived neither clear guidance on CPs from the GCF Secretariat nor a clear articulation of the purpose of CPs, both for countries and for the Secretariat. This has hindered countries' abilities to make informed, country-led decisions about how to engage with the Fund (Independent Evaluation Unit, 2019b). The Secretariat confirms that significant "attention and guidance is required to enhance their quality, in particular the components setting out GCF-aligned, AE-coordinated investment plans" (GCF/B.30/09).

62. Differing local circumstances affect the need for, and success of, individual CPs. Contextual challenges and structural limitations make it particularly costly and challenging for LDCs to "own" GCF country processes, and there is limited use for CPs in LDC contexts (Independent Evaluation Unit, 2022a). Many SIDS and African States would likely face similar issues. The IEU has also noted that "only about half of the GCF countries for which information was available have a coordination structure that formally includes non-state actors" (Independent Evaluation Unit, 2019b).

63. In process modifications seek to address many of these issues, yet it is too early to tell how well they will address them. The Secretariat's 2022 Work Programme seeks to strengthen and reorganize the Secretariat's country programming support. For example, the Secretariat plans to develop further guidance and engage with countries prior to the national validation of CPs to facilitate the submission of CPs that embed the GCF's support within a broader financing strategy (GCF/B.30/Inf.11).

64. **In light of the GCF's continued emphasis on CPs, multiple evaluations have recommended that the GCF assess and refine the role it can and should play in country programming.** Based on that assessment, the GCF can then leverage its comparative advantages to facilitate country programming. For example, the IEU's country ownership evaluation recommended that the GCF develop a CP strategy and "pursue CPs only if their purpose and clarity are developed and well communicated" (Independent Evaluation Unit, 2019b). The GCF strategy will also need to consider the support for country programming offered by other organizations and initiatives, such as multilateral development banks (MDBs), the Global Environment Facility (GEF) and the Climate Investment Funds (CIF).

2. Entity work programmes

65. **Similar to the CPs, the EWPs have not achieved their potential**. The GCF works with AEs through EWPs that are intended to foster a proactive, strategic and country-owned approach to GCF pipeline development and programming, including prioritization linked to GCF goals, according to the GCF's Programming Manual (Green Climate Fund, 2020). As of 31 July 2021, the Secretariat had received a total of 28 EWPs (including the 9 EWPs already endorsed); 7 were from regional DAEs and 12 from IAEs (GCF/B.30/Inf.11).

66. **There is insufficient alignment between CPs and EWPs.** There is no specific requirement that CPs and EWPs be directly linked, but they are expected to refer to and/or anticipate each other. For example, CPs could reference the specific entities and project concepts planned, and EWPs would then mirror those elements. Stakeholders engaged in the IEU's LDC Evaluation reported tensions between the CPs and EWPs in terms of which projects will be prioritized and how the CP will be considered in project design. Also, IAEs have their own programming processes, which are not required to link to the CPs. Furthermore, country priorities do not necessarily align with the preferences, capabilities or risk profiles of AEs.

67. **AEs, particularly DAEs, need significant support to develop effective EWPs**. The Secretariat has noted that "targeted engagements are often needed to support the streamlining, prioritization and sequencing of AE pipelines" (GCF/B.30/Inf.11). The IEU has commented more broadly that "[most] DAEs need significant support to achieve accreditation and develop project proposals", and the "GCF must find ways to address the potential trade-offs between country ownership, paradigm shift, and an AE-driven business model", as this potential tension is especially relevant for IAEs (Independent Evaluation Unit, 2019b). The Secretariat aims to expand its technical support offerings in 2022, while also undertaking a series of country level, regional and entity programming dialogues to advance promising project ideas towards CNs and FPs (GCF/B.30/09). For example, the DAE Action Plan seeks to address challenges across the entire DAE engagement cycle, from the accreditation process to project development and implementation (GCF/B.30/Inf.11).

3. Readiness programme

68. RPSP grants are intended to support NDAs / focal points and DAEs to build transformative pipelines and increase the capacity of relevant stakeholders throughout the project cycle, with priority given to supporting African States, SIDS and LDCs. The RPSP has five objective areas: (1) capacity-building, (2) strategic framework support (e.g. CP, EWP, investment plans), (3) adaptation planning, (4) pipeline development, and (5) knowledge and learning. Since 2015, the Secretariat has approved 487 readiness grants covering 140 countries, totalling funding of USD 341 million (GCF/B.30/Inf.12).

69. **The RPSP has created clear, albeit uneven, successes**, although information on results achieved in individual countries is quite limited to date (see Chapter IVB on measuring and reporting results). Positive examples include strengthening the role of NDAs / focal points and promoting stakeholder engagement (Independent Evaluation Unit, 2018a). In terms of supporting adaptation planning, perceived hurdles in accessing RPSP support include fulfilling the requirements in developing proposals, capacity concerns and matchmaking with adequate delivery partners. The final impacts of readiness adaptation planning grants have not been widely observed due to the programme's relatively new nature (Independent Evaluation Unit, 2021c). The IEU's recent SIDS evaluation also noted a gap in the type of RPSP support currently being provided and the development of actual projects, especially in the private sector.

70. Local circumstances influence outcomes. RPSP progress appears to be dependent on several in country factors, including overall vulnerability, prior readiness support, institutional capacity, the strength of national leadership and high level government commitment. The activities the RPSP supports appear to be important but not necessarily sufficient on their own to promote country ownership and associated pipeline development, especially in targeted groups such as SIDS, LDCs and the private sector (Independent Evaluation Unit, 2018a).

71. **The Secretariat continues to make adjustments to the RPSP** to improve effectiveness and efficiency. These adjustments are also linked to the increased technical support for the countries and entities discussed above. Countries are also adapting to the revised RPSP strategy adopted at B.22. The types of grant requests are shifting, and there are now more proposals seeking support for pipeline development and DAE support to strengthen their technical capacity for designing investments and enabling their accreditation (GCF/B.30/Inf.11). The overall effectiveness of the RPSP is not known.

C. Proposal development and submission

72. The GCF provides multiple pathways to submit FPs. The main approach is the proposal approval process (PAP), and other approaches include the SAP and targeted RFPs as requested by the Board.[20] The GCF also has a CN stage that is optional or required, depending on the pathway used.[21] CNs or FPs may, but are not required to, arise from the CPs and EWPs discussed above. AEs also can, but are not required to, apply for proposal development support through the PPF. This is especially relevant for DAEs, whose capacities for developing effective FPs are often low. Project development is also available through the RPSP discussed above, and through on-demand technical support windows.

1. Support project development

73. **Use of the PPF by DAEs to enhance the quality of FPs is increasing.** In the past, the PPF has been underutilized (Independent Evaluation Unit, 2019a; Independent Evaluation Unit, 2019b; Independent Evaluation Unit, 2022a). At the time of the FPR, only a quarter of the available PPF funds had been committed to 22 projects. As of B.30, the PPF portfolio stands at 43 projects, of which 30 (69 per cent) are from DAEs (GCF/B.30/Inf.11).

74. **Processing times for PPF grant requests are long.** Overall, it takes LDCs the longest to submit a grant application for the PPF, with a median of 360 days compared to 302.5 days for non-LDC SIDS/African States and 270 for other GCF-eligible countries (Independent Evaluation Unit, 2022a).

75. **The Secretariat has increased its support to DAEs, including via the PPF**. An IEU study showed that national entities perform less well compared to IAEs and regional AEs on quality of entry. Several issues are more difficult to handle for national DAEs, such as climate rationale, gender and ESS (GCF and Independent Evaluation Unit, 2019). A PPF service modality was also developed in 2020 that provides independent project preparation services for DAEs via a roster of international firms.[22]

2. Simplified approval process

76. **The goal of the SAP is valued by all major stakeholder groups, but it has not yet achieved its potential to meaningfully streamline the approval process or reach a different audience**.[23] The current SAP process has not succeeded in substantially reducing the burden of project preparation, or in improving the efficiency and effectiveness of the GCF project cycle, as the overall submission requirements and review processes are only marginally simplified relative to the PAP. In addition, the distribution of the SAP portfolio is similar to the PAP portfolio in terms of focus areas, sectors and impact areas (GCF/B.30/07). The private sector has also not seen the value added and benefits of using the SAP process, with no more private sector AEs in the SAP than the PAP pipeline. The lack of interest appears to be linked to a lack of information and knowledge about the SAP among private sector actors, and the slow and unpredictable process (GCF/B.30/07).

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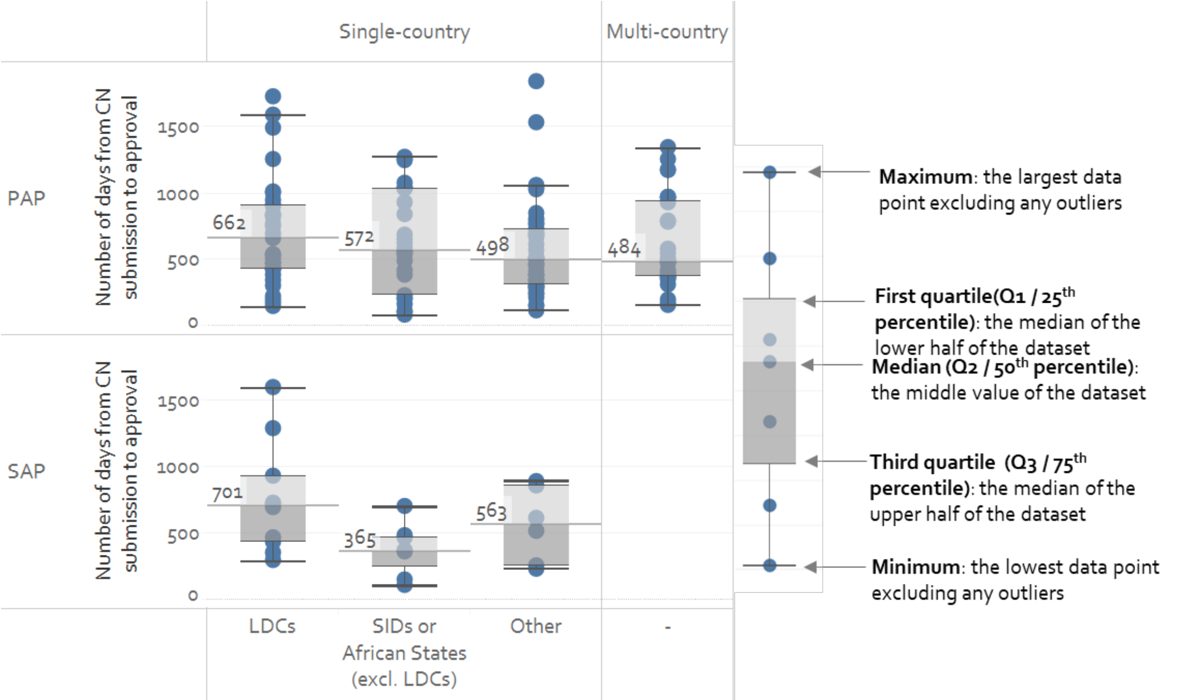
[20] There have been four targeted RFPs issued to date, focused on the private sector, Reducing Emissions from Deforestation and Forest Degradation (REDD+), micro, small and medium-sized enterprises, and DAEs, respectively.
[21] CNs have so far been required for requests to PPF or submissions under the SAP.
[22] For example, the Secretariat seeks to engage with DAEs bilaterally and at programming events with a view to advance their EWPs. It also seeks broader DAE programming in the context of the updates to the SAP modality and the review of the EDA RFP; GCF/B.30/Inf.11.
[23] The SAP is intended to simplify the review process for smaller projects (under USD 10 million in GCF contribution) especially from DAEs, and with environmental and social risks that are deemed minimal to non-existent.; GCF/B.30/06.

77. The SAP approval process itself, as initially implemented, has not been simplified or accelerated (GCF/B.30/06). The median time for processing a project through the SAP (from the submission of CNs to Board approval) is 365 days, which is only 8 per cent shorter than that of the PAP for similar types of projects (GCF/B.30/07). The median processing time is even longer in LDCs (Independent Evaluation Unit, 2022a), as shown in Figure III-1 below.

Figure III-1. Number of days from submission to approval – PAP versus SAP



Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.

78. **The independent Technical Advisory Panel (iTAP) review is insufficiently aligned with the SAP**. For example, the SAP templates are not conducive to the proponents providing the level of information that iTAP seeks, and AEs have struggled to find (often scarce) data. A review of FPs by the IEU confirmed that the level of detail requested by iTAP on climate rationale seems high for the size, ESS level and type of the projects. Furthermore, the iTAP review comes at the very end of the process, and therefore any request for additional information becomes time sensitive. This additional information is also often costly to acquire or develop, particularly for LDCs and SIDS (GCF/B.30/07).

79. **The GCF is actively seeking to make adjustments to the SAP.** For example, project proponents have appreciated the tailored guidelines and additional support provided by the SAP team within the Secretariat. The Secretariat is also engaging with the iTAP to fully implement the Board decision about streamlining and simplifying reviews. IEU recommendations relating to the SAP currently under consideration by the Board include to build a strategy for the SAP that includes the value added of the SAP and responds to guidelines from the United Nations Framework Convention on Climate Change (UNFCCC) and the GI; to accelerate and simplify the SAP process including tailoring investment criteria; and to consider expansion of the types of activities that are eligible for the SAP (GCF/B.30/07).

3. Request for proposals

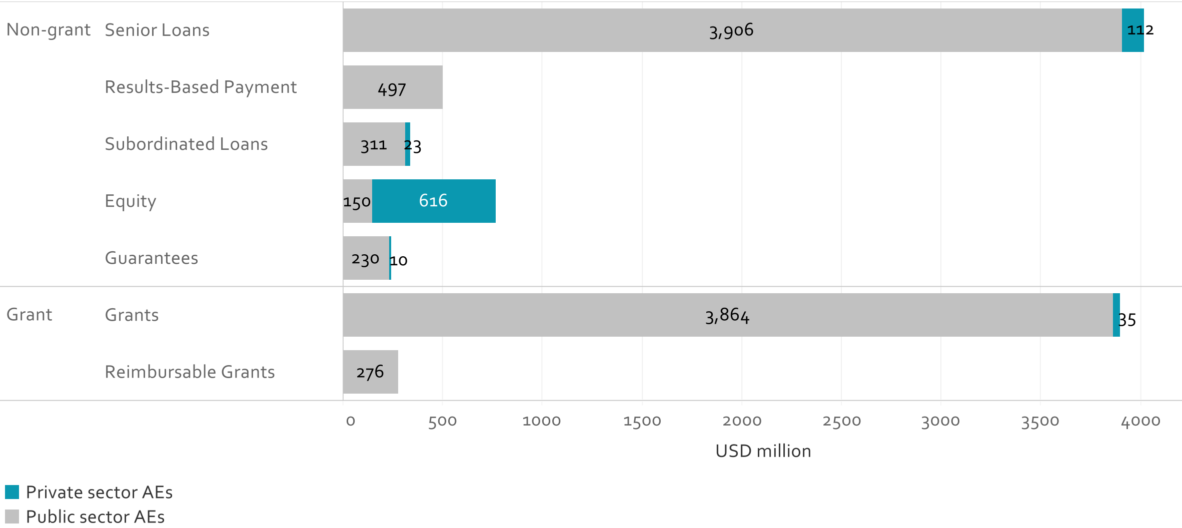
80. **The concept of RFPs is useful, but broadly speaking, the four RFPs issued so far have been insufficiently effective in generating viable FPs**. The RFPs issued to date have not succeeded at meaningfully increasing accessibility for national entities and the private sector (GCF/B.29/08). The FPR noted the following reasons: (a) lack of AEs, (b) burdensome accreditation process, and (c) quality of proposals submitted as some project ideas turned out to be purely aspirational in terms of structure, funding amount, targeted impact and feasibility (Independent Evaluation Unit, 2019a). Time lag and additional requirements are particularly burdensome for LDCs and DAEs more generally (Independent Evaluation Unit, 2022a). The lack of a clear linkage between the launching of an RFP and the addressing of a portfolio gap is an additional issue (Independent Evaluation Unit, 2021b).
81. **Accreditation is a key issue that limits in practice which entities can utilize the RFPs.** The accreditation model, as currently implemented, is not suitable for the RFPs, where the objective of the RFP is to bring new organizations to partner with the GCF. Although any entity nominated by the NDA or focal point can send a CN in response to an RFP, they will need to be accredited by the time the project is brought to the Board. The RFPs to date did not provide a fast track to accreditation, which would have made more projects able to access funds through the RFPs (GCF/B.29/08).
82. **The RFP project cycle is similar to that of the PAP but involves additional requirements**, such as having a CN, which makes the RFPs' project cycle longer and more complex. The Reducing Emissions from Deforestation and Forest Degradation (REDD+) RFP process is the only one that is fundamentally different from the PAP and thus from other RFPs (GCF/B.29/08).
83. **The GCF is actively considering ways to improve operationalization and implementation of the RFP concept**. The Secretariat has stated plans to implement adjustments that do not require Board (or other) action. Adjustments include plans for broader advertising to AEs and NDAs, clearer information on parameters and more consistent review criteria to increase the predictability and transparency of the process, a more comprehensive staffing strategy within the Secretariat and, potentially, incentives to participate for proposal proponents. Also, the PSAA may address the accreditation issue discussed above, but it has not yet been approved or operationalized (see also Chapter IIC3) (GCF/B.29/08).

4. Private sector solicitation

84. **While strategies tailored to the private sector are critical, the PSF has not yet achieved the targeted participation.** The pool of AEs from the private sector remains limited, and the PSF has had uneven success with soliciting projects through private sector AEs. The PPF has been underutilized by the private sector, and the targeted RFPs have been inefficient and ineffective at soliciting the private sector projects targeted (Independent Evaluation Unit, 2021a). Currently, a total of 39 private sector projects are approved, with USD 3.4 billion committed from the GCF, representing 34 per cent of funded proposals (Green Climate Fund Portfolio Dashboard, accessed 2 February 2022).
85. **There is considerable untapped potential for the PSF's concessional financing to support more innovative, riskier projects**. The finding raised in the FPR remains substantially true. Most FPs submitted to the PSF have been from development banks, where the GCF is often a co-investor in typical energy projects rather than supporting innovative and replicable climate projects (Independent Evaluation Unit, 2019a; Independent Evaluation Unit, 2021c; Independent Evaluation

Unit, 2021a). The GCF has employed a lower risk appetite than that contained in its mandate, and hence has provided limited levels of concessional financing overall. Also, the GCF's overall, portfolio level use of financial instruments provides another indication that it is not targeting high risk private sector investments (see Figure III-2) (Independent Evaluation Unit, 2021a).

Figure III-2. Financial instruments used in the GCF portfolio



Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.

86. **Submissions from the private sector to date are insufficiently aligned with country NDCs, particularly for SIDS and LDCs.** PSF projects' alignment with, and contribution to, countries' NDC priorities appears limited. Of the 39 private sector projects approved, five address adaptation only; another nine are cross-cutting. In contrast, 22 address mitigation – namely, energy generation and access (Independent Evaluation Unit, 2021a; Green Climate Fund Portfolio Dashboard, accessed 2 February 2022). Support is also insufficiently tailored to the realities of the private sector especially in in LDCs, SIDS or African States. The GCF has not focused on promoting the participation of micro-, small- and medium-sized enterprises in GCF activities, which are particularly relevant in LDCs, SIDS and African States (Independent Evaluation Unit, 2021a; Independent Evaluation Unit, 2020a).

87. **There are several factors constraining private sector engagement.** Those already identified in the FPR include (a) the GCF's reactive business model, (b) the lack of engagement with DAEs, (c) the length of project approval and legal assessment timelines, and (d) the perceived lack of predictability by private sector actors. These issues have been further confirmed by more recent evaluations, such as in the IEU's evaluations of the private sector and adaptation portfolios.

88. **The RPSP, as the main preparatory support modality, is quite limited as it relates to the private sector.** The RPSP has limited structural linkages with the private sector and the PSF and has had limited use to encourage the participation of the private sector. It has provided only limited support to catalytic actions and an enabling policy environment for the sector (Independent Evaluation Unit, 2021a).

89. **There are several areas where the role of or application for the private sector are still unclear in Board guidance**. The IEU's recent evaluation of the GCF's approach to the private sector noted the following, for example:

- The Board has provided limited guidance to the GCF regarding the private sector approach.

- The USP provides a list of priorities related to the private sector but is limited in its strategic guidance. These priorities do not necessarily translate into actions and incentives for the Secretariat.
- There is a lack of clarity regarding how the private sector activities should be driven and informed by country driven prioritization.
- It is unclear if the GCF intends primarily to be (a) a high-leverage fund that mobilizes the maximum quantity of investment for a given input of public resources, and/or (b) a high risk fund mobilizing and catalysing investments in high risk and new and emerging markets, particularly for LDCs and SIDS (Independent Evaluation Unit, 2021c).

90. A draft Private Sector Strategy is ready for consideration by the Board. The draft strategy seeks to further diversify and enhance the Fund's private sector portfolio, looking towards a broader range of (a) AEs, including private sector and direct entities, (b) non-grant instruments, and (c) thematic priorities, including for adaptation and ecosystem-based approaches (GCF/B.30/Inf.11).

5. Programmatic approaches

91. **Although a policy on programmatic approaches has not yet been approved by the Board, IEU evaluations have found that they have the potential to play a valuable role in the GCF portfolio.** In the GCF context, a programme is defined as "a set of interlinked individual "subprojects" unified by an overarching vision, common objectives and a contribution to strategic goals (GCF/B.25/08). There is a proposed distinct programmatic approach policy under consideration by the Board, but it is not yet approved. Nearly half of the funding committed by the GCF has been for programmes, typically addressing mitigation rather than adaptation or cross-cutting programmes (GCF/B.25/08).

92. Clear guidance on programmatic approaches is expected to provide more flexibility to meet country needs and reduce submission costs. For example, the complexity and local context-driven nature of adaptation interventions limit direct replicability more than mitigation projects; however, programmatic approaches limit the burdens that early upfront costs place on AEs at the national and regional levels. They are also seen as important for leveraging lessons from one project to another and fostering innovative replication, such as by transferring knowledge between projects in the same sector or results area (Independent Evaluation Unit, 2021c). Programmatic approaches are also particularly relevant for SIDS, where the transaction costs of working in single countries can be high, but this potential has not yet been realized (Independent Evaluation Unit, 2020b).

93. **Programmes have proved more complex to design and manage.** Many programmes are private sector, addressing multiple countries, with some including several AEs and executing entities. A recent review noted that single-entity programmes were performing better than those that include several AEs and executing entities. While programmes with several AEs and executing entities have a broader reach, they also can face challenges related to their complexity, multiple layers of approval and a GCF fee structure that is not favourable for executing entities (GCF/B.25/08).

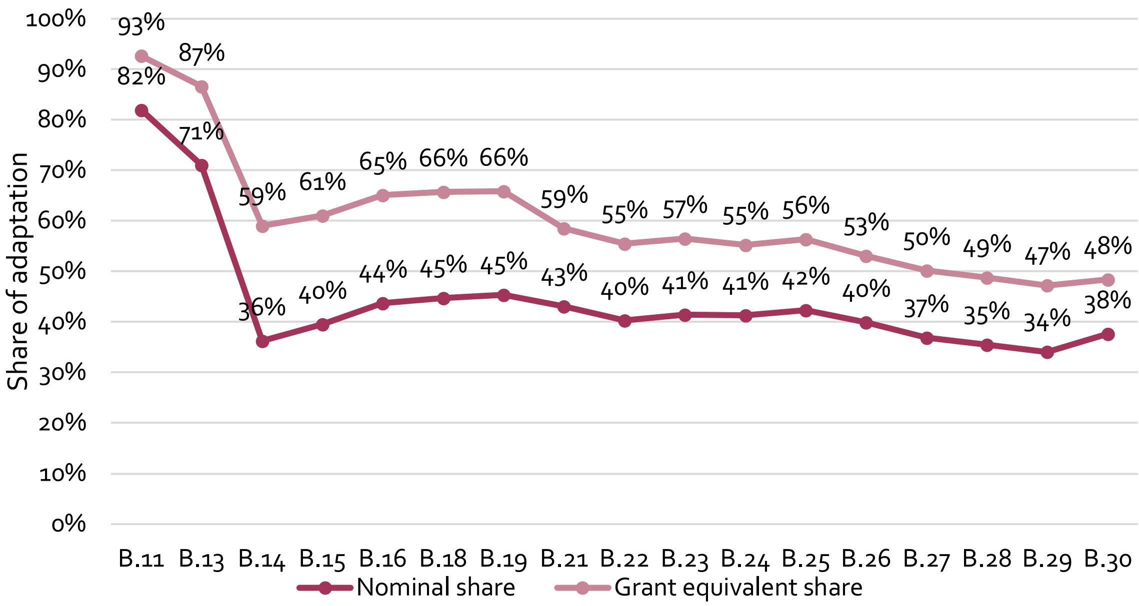
6. Adaptation

94. **The GCF portfolio has seen a nearly equitable balance between mitigation and adaptation financing, with almost half of its financing being allocated to adaptation through GCF-1.** Decision B.06/06 mandated the GCF to strive to balance the portfolio based on a 50:50 theme-based allocation between mitigation and adaptation, as measured in grant equivalent terms. Despite achieving near parity between the share of financing for mitigation and adaptation projects,

however, the share of adaptation financing has fluctuated and declined slightly throughout GCF-1 (Figure III-3). The number of mitigation projects does not differ significantly from that of adaptation (GCF/B.30/Inf.12).

95. The balance between adaptation and mitigation financing has also widened in nominal terms. The IEU's recent evaluation of the GCF's adaptation portfolio and approach acknowledges that this gap is "because over 80 per cent of the adaptation portfolio utilizes grants, whereas mitigation projects have received higher amounts of funding, mostly through non-grants and loans with limited concessionality, increasing the nominal amount for mitigation at the same time as increasing the grant equivalent amount for adaptation" (Independent Evaluation Unit, 2021c).

Figure III-3. Share of adaptation in the GCF finance portfolio in nominal and grant-equivalent terms



Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.

96. **The GCF still has challenges in reaching the most vulnerable and least ready countries**. Over two thirds of adaptation finance is currently directed to those most vulnerable to climate risks and least ready to adapt (LDCs, SIDS and African States, exceeding the 50 per cent floor set in decision B.06/06) (Independent Evaluation Unit, 2022a). But the GCF still has challenges in reaching these countries: 59 countries have not received GCF adaptation finance. Most adaptation finance is committed through IAEs, with more than half of it going through six IAEs (Independent Evaluation Unit, 2021c). Further, there is little evidence that existing national adaptation strategies and plans are systematically integrated with the GCF's programming and operations in the LDCs (Independent Evaluation Unit, 2022a).

97. **The GCF is uniquely positioned to finance projects at scale given its high risk appetite, but it has not clearly defined a specific approach for adaptation programming**. The GCF has an opportunity to play a unique role in adaptation. Among the climate funds, the GCF has the strongest private sector focus and the best ability to scale projects through its large fund size, risk appetite and flexible suite of financial instruments. However, project level interactions between GCF proposals and projects of other climate funds, multilateral partners and the private sector are not yet systematically identified or actively pursued (Independent Evaluation Unit, 2022a). The USP

assessment report also found that the GCF lacks a proper definition of and indicator measurements for “high risk appetite” (Independent Evaluation Unit, 2022c).

98. **The GCF has identified ways to bolster adaptation programming.** Strategies to promote adaptation include sector guides; technical guidance and support on the use of climate science and data; working with iTAP on more transparent and consistent approaches to assessing FPs; and finalizing an appraisal manual to help stakeholders better understand how FPs are assessed (GCF/B.30/09). The Secretariat is also seeking to prioritize countries that have not yet accessed the adaptation planning support window, in particular LDCs, SIDS and African States, which is in line with guidance from the UNFCCC Conference of the Parties (COP) (GCF/B.27/04). Adjustments to the SAP and implementation of the DAE Action Plan are also anticipated to support adaptation programming.

99. **An objective of the RPSP includes provision of support to adaptation planning, but attributing GCF support to concrete outcomes is challenging,** as is assessing quality due to the lack of data yet available. According to the IEU’s evaluation of the adaptation portfolio, as of November 2020 only 55 per cent (85 out of 154) of GCF-eligible countries had engaged with the GCF for adaptation planning. The percentage of countries with no engagement is particularly large for SIDS (65 per cent). The requirements for proposals, capacity concerns and matchmaking with adequate delivery partners are perceived hurdles in accessing the RPSP for adaptation planning, which are similar to challenges reported more broadly for the RPSP above (Independent Evaluation Unit, 2021c).

7. Issues for particularly vulnerable countries

100. **Local capacity is a barrier to access.** The chief challenge noted by the IEU’s SIDS evaluation and echoed in the LDCs evaluation is a lack of capacity to prepare GCF FPs. For example, the IEU SIDS evaluation noted that the Secretariat’s short-term technical assistance for CN development under RPSP 2.0 is not regarded as sufficiently hands-on for SIDS. Further, the typical RPSP delivery partner model of training workshops does not build sustainable or sufficient capacity for developing CNs. SIDS require not only technical assistance but also support to address human capacity constraints (Independent Evaluation Unit, 2020a). Also, multiple structural barriers and procedural bottlenecks limit the role of NDAs as well as their access to resources to enhance their capacity, yet the GCF approach assigns the NDA a central role. DAEs face similar capacity constraints in fulfilling their assigned role (Independent Evaluation Unit, 2020a).

101. **The GCF’s project support and approval processes are widely perceived as insufficiently aligned and too long to be considered responsive to the urgency of climate change in SIDS, LDCs and African States.** The capacity issues noted above impede countries’ ability to respond to GCF requirements quickly and to navigate multiple structural barriers and procedural bottlenecks (Independent Evaluation Unit, 2022a). Also, RPSP support for CPs and EWPs was found to have a limited effect on the development of a robust GCF pipeline in SIDS and LDCs. Both the PPF and SAP are highly relevant for these countries but are not yet sufficiently accessible (Independent Evaluation Unit, 2022a; Independent Evaluation Unit, 2020a).

102. **Lack of Board approved policies on critical areas has inhibited project development in SIDS, LDCs and African States.** For example, several policies that are of most concern and interest to SIDS – including incremental costs, concessionality and programmatic approach – are yet to be approved by the Board. In particular, lack of clear policy guidance on the programmatic approach is holding back AEs from developing such programmes for SIDS (Independent Evaluation Unit, 2020a).

D. Appraisal and approval processes

103. AEs are responsible for developing and appraising FPs against the investment criteria[24] and submission requirements, as part of their first-level due diligence. Upon receipt of an FP, the Secretariat performs an initial review and completeness check. Once the submission is complete, the Secretariat conducts a formal multi-faceted technical review,[25] followed by the second-level due diligence.[26] When the Secretariat considers the FP ready for Board consideration, it is submitted to iTAP for their review.[27] Submissions via the SAP and RFPs follow a similar review process, although the specific submission requirements may be different. The Board then considers the information provided by both the Secretariat and the iTAP along with the FP. The Board may (a) approve; (b) approve contingent upon certain conditions, such as modifications to the FP; or (c) not approve the FP.

104. **The project appraisal and approval cycle is widely perceived as bureaucratic, lengthy, inconsistent and non-transparent.**[28] The FPR (2019) already noted the following factors contribute to the length of time taken: (a) policy gaps lead to uncertainty and rigid application even when not relevant, (b) retroactive applications of new policies approved by the Board, (c) issues with internal coordination within the Secretariat, and (d) absence of a management information system to check status. These findings have been further echoed in more recent evaluations.[29]

105. The process is slowest for LDCs. Projects targeting LDCs generally take a longer time from submission of proposal to approval compared to other country groups. Overall, the median project proposal from CN submission to approval takes 688 days, versus 538 for SIDS/African States and 501 for other GCF- eligible countries (Independent Evaluation Unit, 2022a).

106. The process and its duration are also unattractive for the private sector and are considered unpredictable, which present significant barriers, even for large IAEs. The IEU's recent evaluation on the private sector (2021) further noted for example that, a PSF project takes 228 median days from FP submission to Board approval, with additional time needed for execution and effectiveness (Figure III-4).

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[24] The six investment criteria approved by the Board are (a) Impact potential, (b) Paradigm-shift potential, (c) Sustainable development potential, (d) Country ownership, (e) Needs of the recipient, and (f) Efficiency and effectiveness.

[25] The technical review assesses, for example, (a) strategic fit with GCF portfolio-level goals, (b) evaluation against investment criteria, (c) alignment with CPs and EWPs, and (d) complementarity and coherence, as well as a more detailed review of completeness, alignment with GCF policies and Board decisions and assessment of legal and execution risks.

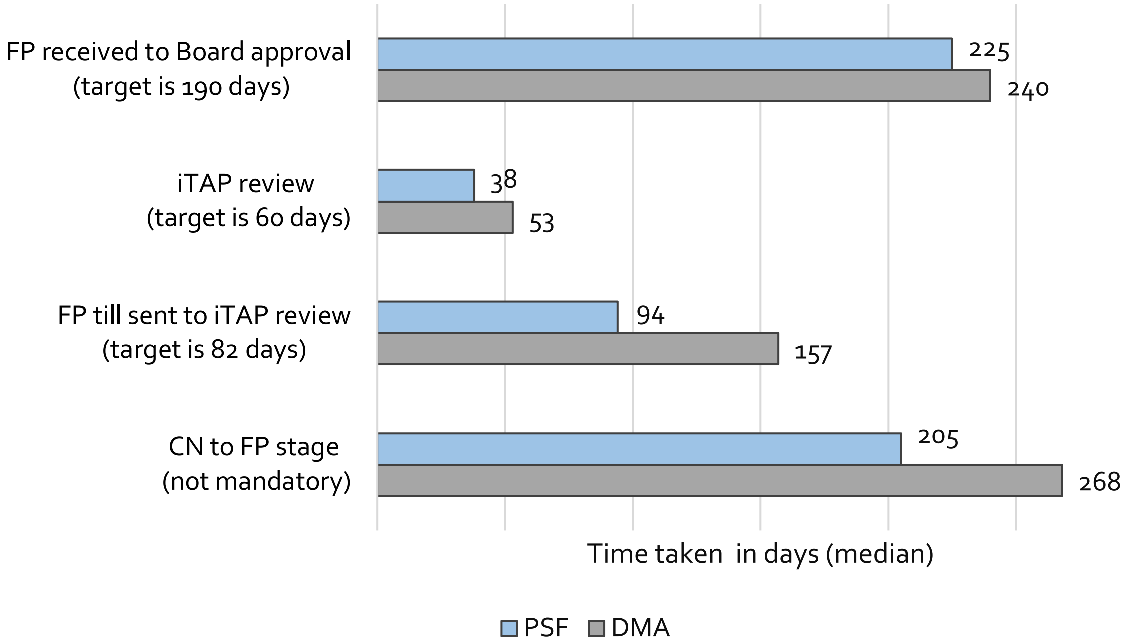
[26] In the interest of brevity, the dozens of relevant GCF Board decisions, policies, procedures and frameworks linked to the review process are not listed in this short summary. Many are addressed separately later in this section or in other sections of this report. Refer to the GCF Programming Manual (July 2020) for a more detailed overview of the submission review process.

[27] The core of the iTAP review is an independent assessment against the six investment criteria, although they may also consider ESS and credit/commercial risks if those risks are likely to impact on the delivery of the six investment criteria.

[28] See, for example, GCF/B.30/Inf.11.

[29] See, for example, Independent Evaluation Unit (2020a); Independent Evaluation Unit (2021c); Independent Evaluation Unit (2022a).

Figure III-4. Time analysis for project review process



Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.
Note: The target number of days for each review phase are indicated in the programming manual. Population of projects: Board approved FPs = 190; pipeline of FPs = 79; pipeline of CNs = 362.

107. **The investment criteria first adopted by the GCF in 2014 are broad, and this has led to inconsistencies in how they have been defined and operationalized.**[30] Multiple evaluations and Secretariat documents note that (a) there are different definitions of the investment criteria within the Secretariat and/or (b) assessments of the criteria are handled differently by different groups, including iTAP.[31] This lack of clarity has created extensive back and forth among the Secretariat, iTAP and Board members regarding project definition, preparation and assessment in the absence of consistent and detailed guidelines (Independent Evaluation Unit, 2019a). It has also been problematic for AEs – for example, due to the lack of predictability of what documentation will be needed. Furthermore, the IEU's evaluation of the adaptation portfolio (2021) noted 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.

108. **Documenting climate rationale embedded within the impact potential has been particularly problematic.** The availability of data and lack of guidance on the concept of climate rationale at AE and Secretariat level is particularly challenging given the complexity of adaptation projects, which require more specific and local high-resolution data to analyse climate risks, have less standardized business models and have complex execution structures (Independent Evaluation Unit, 2019a). The documentation requirements are particularly challenging for SIDS and LDCs, for example, as many lack the historical local or national climatological data necessary to substantiate claims that GCF investments are required for adaptation (Independent Evaluation Unit, 2020a; Independent

[30] The GCF's initial investment framework was adopted by the Board in decision B.07/06. Activity-specific sub-criteria and indicative assessment factors were adopted through decision B.09/05 and updated through decision B.22/15.
[31] See, for example, Independent Evaluation Unit (2019a); Independent Evaluation Unit (2019b); Independent Evaluation Unit (2020d).

Evaluation Unit, 2022a).Private sector entities are often unaccustomed to providing additional climate-related data for projects and may lack the required sectoral expertise (Independent Evaluation Unit, 2021a). Also, 40 per cent of all registered CNs for adaptation projects are withdrawn during the review process, with the climate rationale cited as a common factor (Independent Evaluation Unit, 2021c).

109. The GCF is in the process of updating its approach, including clarifying climate rationale. Board decision B.19/06 requested that the Secretariat develop an integrated approach to address policy gaps and consider their interlinkages, including steps to enhance the climate rationale of GCF-supported activities. In response, the Secretariat has developed a range of materials, data platforms, technical advice, and examples that seeks to provide AEs with a consistent and authoritative approach to demonstrating climate impact potential. These are currently under consideration by the Board (GCF/B.30/Inf.11).

110. **An external study commissioned by the Secretariat found that GCF stakeholder groups view iTAP as an important factor in ensuring the GCF's credibility and validating Secretariat reviews; however, the study suggested more transparency and consistency is required, as well as earlier iTAP engagement in the review process (GCF/B.25/10).** AEs consistently report frustrations with inconsistent assessments from the Secretariat and iTAP and what are perceived as new requirements from the iTAP stemming from the investment criteria coming very late in the process – for example, relating to climate rationale under impact potential. An underlying dynamic outside of the iTAP's control is the quality and characteristics of the FPs it receives for review.[32]

111. **The Secretariat has identified activities for streamlining and standardizing the review processes and to further ensure proposal quality, but it highlights that a substantial number of relevant actions are awaiting consideration by the Board.** Identified efforts include providing additional guidance for the development of FPs – for example, by developing an appraisal manual that seeks to address gaps identified in an internal stocktake and updating sectoral guides. The Secretariat also reports working with the iTAP to expand their capacities, operationalize a rolling review process and improve the consistency of review criteria, the application of safeguards and the interpretation of Board mandates. This includes piloting sector-specific checklists and a Project Success Rating tool. The Secretariat plans to simplify the initial review criteria for CNs in 2022 as well (GCF/B.30/Inf.11; GCF/B.30/09). Numerous further changes are anticipated by the Secretariat once the Board approves a variety of policy mandates on, for example, simplifying the SAP, steps to enhance the climate rationale of GCF-supported activities, the private sector strategy and the policy on programmatic approaches (GCF/B.30/Inf.11). The effectiveness remains to be assessed.

1. ENVIRONMENTAL AND SOCIAL SAFEGUARDS, GENDER, AND INDIGENOUS PEOPLES

112. **The Secretariat is updating the GCF's ESS standards to be more specifically tailored for GCF needs.** The GCF currently applies the International Finance Corporation's Environmental and Social Performance Standards as its interim safeguards. The IEU evaluation of ESS found that that these safeguards "are not aligned with the GCF's mandate and Environmental and Social Policy in that they do not focus on generating – and integrating – positive, measurable social and environmental impacts (or co-benefits) and instead focus on assessing, mitigating and managing environmental and social risks and impacts". The IEU recommended, for example, aligning the ESS with other peer climate funds, and addressing gaps identified with regard to human rights, gender and equity

[32] See, for example, GCF/B.25/10 and GCF/B.19/03/REV.01.

concerns, among others (Independent Evaluation Unit, 2020d). Some of these gaps are in the process of being addressed by the Secretariat.

113. **There is a major, apparently still unresolved, policy conflict that means that the ESS policies of MDB AEs can potentially circumvent GCF policy.** The issue has been brought to the Board but has not yet been opened by it (GCF/B.28/Inf.10/Add.04). Specifically, the conflict is between (a) the ESS disclosure provisions agreed in AMAs and approved by the Board that allow MDBs to make disclosures in accordance with their own policies, and (b) the provisions of the GCF's Informational Disclosure Policy and ESS policies for Category A and Category B projects. Practical differences are that not all MDBs require public disclosure in English, some have different requirements for number of days for disclosure, and some do not have Category B disclosure requirements. According to the Secretariat, a draft audit on the risk management process has identified issues related to this policy conflict and is currently awaiting management response.[33] The SPR could track the outcomes going forward.

114. **While FPs comply with the gender policy, a recent IEU evaluation documented challenges with the quality of related assessments, capacities and reporting.** FP reviews are effective in ensuring that AEs have undertaken and submitted gender assessments and gender action plans (GAPs) in compliance with the gender policy and allocated budget and expertise for their implementation (GCF/B.27/Inf.12). But the IEU's recent LDC evaluation found that the quality and depth of gender assessments and reporting vary, making tracking of gendered outcomes and impacts challenging (Independent Evaluation Unit, 2022a).

115. The GCF's approach to mainstreaming gender also requires a strong understanding of gender issues and gender capacity, which is not always immediately available within the NDA or DAEs, especially in LDCs. The lack of in-house capacity to integrate gender aspects is also a constraint for some LDCs' proposals, both for accreditation and project proposals (Independent Evaluation Unit, 2022a). Lack of specific gender capacities is also an issue during implementation; some projects have not yet finalized gender assessments and GAPs, and some projects are lagging in their implementation of the activities of GAPs. The Secretariat asserts that more AE engagement of gender specialists could assist programmes/projects that lack specific gender capacities with the implementation and monitoring of GAPs at the field level (GCF/B.30/Inf.09).

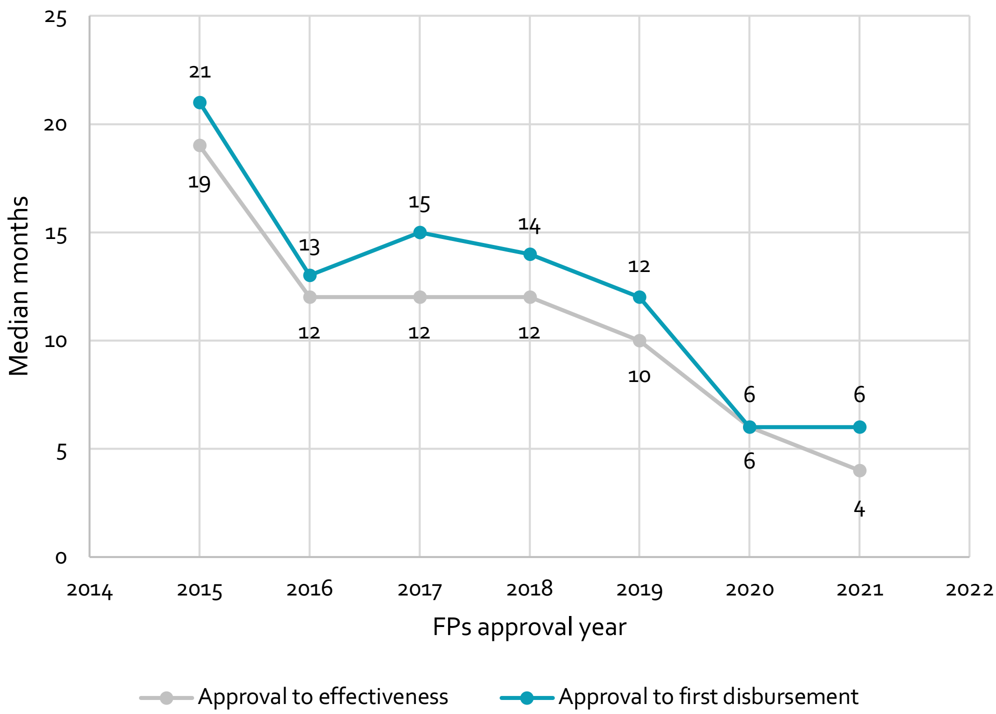
116. **Previous IEU evaluations find that the GCF has not yet sufficiently addressed the COP request to enhance its consideration of local knowledge and indigenous peoples (**Independent Evaluation Unit, 2022a; Independent Evaluation Unit, 2020a)**.** This is particularly relevant for many LDCs and SIDS given the importance of local knowledge, including as a form of climate data. The GCF adopted the Indigenous Peoples Policy, setting out safeguarding measures, but has failed to define key concepts (e.g. local or indigenous knowledge), provide guidelines for how these should be included in projects, and develop the tools to track the extent to which and how indigenous peoples' concerns and local knowledge are incorporated. Tracking to date is inconsistent, focuses primarily on mitigation rather than proactive involvement, and relies on self-reporting from AEs on compliance with the policy. Additionally, while indigenous issues are well covered by GCF standards, indigenous knowledge is not incentivized or given weight by iTAP assessments, even though it could potentially enhance the quality of project proposals coming from LDCs (Independent Evaluation Unit, 2022a). The identification and use of indigenous knowledge and adaptations have also been undervalued in SIDS as project innovations (Independent Evaluation Unit, 2020a).

[33] Personal communication between the GCF Secretariat and Independent Evaluation Unit, 14 December 2021.

2. POST-APPROVAL PROCESSES

117. The post-approval process centres on the legal clearance process for reaching a signed FAA. **Post-approval processes are too lengthy but have been improving over time** (Figure III-5**Error! Reference source not found.**). The FPR noted several reasons for these delays, and these reasons were confirmed by later IEU evaluations: (a) absence of AMAs at time of Board approval, which are a prerequisite for an FAA; (b) internal AE approval timelines; (c) commercial/technical issues that still need to be resolved; (d) rigid policy application by the legal team; and (e) retroactive application of new policies approved by the Board (Independent Evaluation Unit, 2019a). The IEU's evaluation of the adaptation portfolio (2021) further noted that it takes adaptation projects longer than mitigation projects to move to the next stage, for both approved projects and projects in the pipeline, particularly for DAEs. It takes, on average, 475 days for national DAEs to conclude legal negotiations for adaptation projects, compared to 208 days for mitigation (Independent Evaluation Unit, 2021c). The Secretariat reports continued efforts to improve this timing, with initial start-up issues fading as internal learning within the Secretariat smooths out bottlenecks and more AMAs are in place (GCF/B.30/Inf.11). Yet many drivers for this are largely outside of the control of the legal team at the Secretariat, and legacy decisions from the early years affect the GCF's current effectiveness and overall metrics.

Figure III-5. Time taken for GCF Board approval to FAA effectiveness and first disbursement

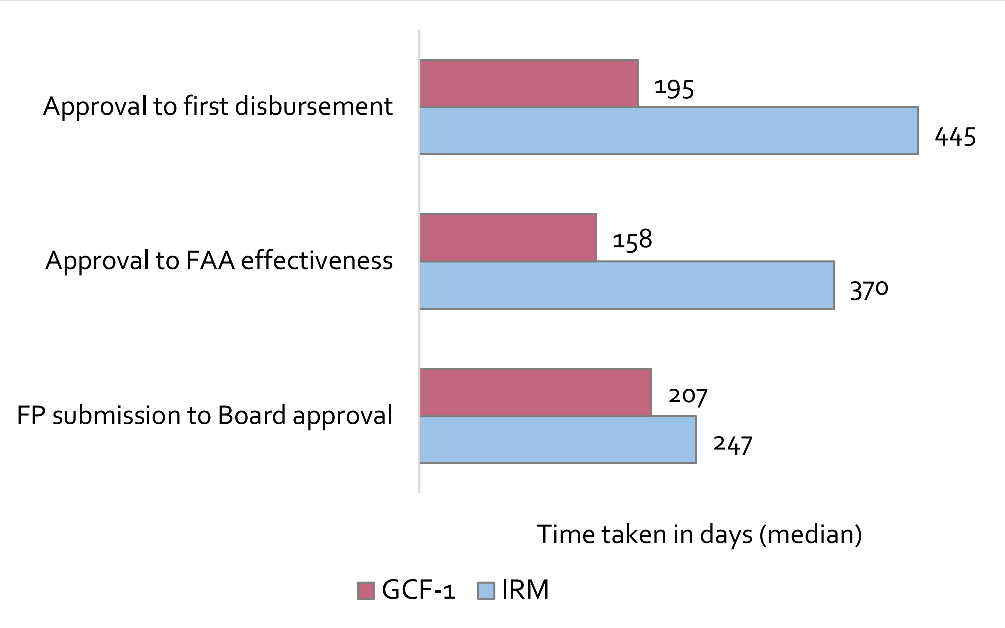


Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.

118. **The speed at which projects move through the cycle is increasing.** The proportion of projects under implementation has increased, suggesting efficiency gains, and the pace at which projects graduate from approval to implementation has improved. In 2020, it took less than a third of the time it took in 2019, 3.0 median months from project approval to implementation (FAA effectiveness) compared to 10.7 months in 2019. The time from approval to first disbursement also

took less than half the time in 2020 than it did in 2019, with 4.9 median months compared to 11.3 months in 2019 (GCF/B.30/Inf.09).

Figure III-6. Processing time analysis by replenishment cycle



Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.
Note: There are 121 Board approved FPs during the IRM period and 69 FPs on the current GCF-1 period. Overall, 143 FAA are effective, and 122 FPs have received at least first disbursement. FPs can have more than one FAA depending on the financial instrument.

119. **The GCF has stated an intention to improve process efficiency, effectiveness, transparency and speed of delivery.** It is too early to assess how much the initiatives under way will increase efficiency and transparency, yet they do appear to be headed in the intended direction. Common themes for the adjustments in process include clarifying processes, requirements and communication channels; developing both internally and externally facing manuals and/or guidance; and setting service standards, targets and/or similar expectations against which future progress can be judged. For instance, as of 31 July 2021, the Secretariat reported that 68 per cent of project reviews were completed in full alignment with the Operations Manual, due in part to standardizing climate impact assessments and interdivisional team kick-off meetings. As another example, for non-adaptation planning RPSP proposals, the Secretariat provided feedback to NDAs and delivery partners within the service standard of 35 days for 43 per cent of proposals. An extensive range of systems improvement solutions are also planned under the 2020–2023 Digital Agenda (GCF/B.30/Inf.11).

120. **The reactive nature of the Secretariat's work as well as staffing constraints continue to affect efficiency and the ability to meet USP targets (GCF/B.30/Inf.11).** The GCF has only a partial influence on the number and characteristics – including completeness and alignment with GCF goals – of the CNs and FPs that enter the cycle. The Secretariat is increasing staffing along with absorbing an increased workload, leading to overall efficiency increases (see also Chapter VI for a discussion of Secretariat structure and capacities). The Secretariat estimates a productivity increase of 26 per cent in 2020, looking at actual full-time equivalents (FTE) against capacity needs projected in 2017 (GCF/B.30/08).

121. **Trade-offs have been necessary due to administrative constraints and tensions between goals**. The Secretariat acknowledges that it has made trade-offs in setting quantitative and qualitative KPIs

for its annual work programme – for example, in the number of FPs that can be reviewed, meeting service standards, comprehensive analysis of reporting, the depth of engagement it is able to offer to support DAEs, and so on (GCF/B.30/08).

122. **A recently completed business process review has identified further reforms in the project cycle that are expected to further increase efficiency by approximately 10 per cent.** The review confirms the key concerns centre upon (a) effectiveness, in that FPs do not always lead to bankable projects that meet USP goals; and (b) efficiency, in that excessive reviews are burdensome for all involved. The review further noted the root causes stem from issues at every stage:

- accreditation – for example, AE capacity and alignment with USP goals
- readiness and project origination – for example, slow, poor and inconsistent project quality at submission
- pre-proposal review – for example, insufficient staffing, collaboration and coordination within the Secretariat
- post-approval – for example, delays in disbursement as well as adaptive management and ongoing monitoring of implementation

123. The structural bottlenecks and associated recommended reforms fall broadly into four groups: (a) internal processes, (b) systems, (c) partner alignment, and (d) technical capabilities. These recommendations appear to go deeper, representing more significant change processes than earlier changes, which were easier to identify. In some cases, staffing changes and/or further Board guidance or policy decisions (for example, on accreditation) would be necessary to fully implement the recommendations.

E. Emerging observations for the SPR

124. The core processes and structures to solicit, review and approve projects/programmes were established during the IRM. Throughout GCF-1, the focus has been on better understanding how these are working in practice and refining the solicitation and project cycle processes. It is clear that the totality of processes and the programming cycle are not yet achieving the ambitions set out in the USP. The SPR would consider the degree of change in GCF-1 relative to the IRM.

125. The current evidence indicates that the key elements are in place, but significant adjustments to project solicitation and approval processes are still needed to better ensure quality at entry and to achieve desired impacts. There is also substantial consistency and convergence of messages from the differing perspectives of the variety of internal and external sources cited here. The issues related to meeting the strategic priorities outlined in the USP are generally known at the operational level – for example, relating to insufficient cohesion with CPs and priorities and the projects submitted to the GCF; uneven evidence of paradigm shifting project and programme submissions; insufficient mobilization of the private sector; and increasing access for LDCs, SIDs and African States. The IEU's recent LDC evaluation comprehensively recommended that 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," and "also address the coherence and complementarity of GCF support programmes internally."

126. There are active efforts within the GCF to improve most, if not all, themes mentioned here at the operational level, as well as to specifically address the recommendations contained in IEU evaluations and related management responses. Numerous items that address known challenges are awaiting GCF Board attention, and a reorganization of the Secretariat is in process. The Secretariat has developed, or is in the process of developing, detailed proposals to update GCF policies and its

own processes. Yet it is too early to tell how far these will go. Structural dynamics that slow the pace of progress include the division of labour between the GCF Board and Secretariat, as well as the slow pace of progress on draft policies and procedures at the GCF Board level. The compliance-oriented institutional culture of the Secretariat, which is noted in the FPR, is also a factor that will characterize the types of change and flexibility possible, unless and until staff members perceive they have more freedom to decide for themselves how to proceed.

127. The evidence reviewed in this section highlights the following potential elements that the SPR could consider and further explore:

- **Strategy in operationalizing the GCF mandate.** Many of the changes described are incremental, leaving key strategic questions about how to operationalize the GCF mandate. Different groups still interpret priorities differently, leading to inconsistencies, inefficiencies, gaps and at times unrealistic expectations. Some of the questions for further exploration in the SPR include the following: opportunities for the GCF to recalibrate and further articulate its core purpose, scope, boundaries and priorities – in the context of its organizational maturity and evolving country contexts; and the effectiveness of the investment framework in helping the GCF realize its mandate.
- **Country and entity work programmes.** The SPR could explore whether the CPs and EWPs are currently effective tools to achieve their intended goals, as well as their longer term role in GCF programming. How are country needs expected to evolve over time and how does this influence the GCF's programming role and processes at the country level? This might also be considered in the context of the GCF's growing organizational maturity, as well as CP/EWP linkages to other operational processes within the GCF and other initiatives that contribute to the core climate and country development goals of the GCF.
- **Readiness and preparatory support and pipeline development.** Issues for the SPR to explore could include, for example, the extent to which support (e.g. through the RPSP and PPF) is integrated and helping to create a pipeline of FPs and stronger institutional capacities. The SPR could also consider strategic alignment of FPs along a continuum. On the one hand this continuum includes stimulating and developing new project ideas that most fit with (current) GCF priorities, and on the other it considers tailoring existing concepts or proposals, such as scaling up projects previously supported by other international programmes or successes in other geographic areas.
- **Operational modalities.** The IEU has completed multiple recent evaluations of modalities such as the RFPs and SAP, and the SPR could build on these to consider broader strategy. For example, is there a longer term need for an RFP and/or a SAP modality, or are these more of an interim approach until AEs and NDAs become more familiar with requirements and goals and as the processes become more streamlined? If continued longer term, how similar or different should assessment criteria be? For instance, is the purpose of these modalities primarily to solicit projects of a particular type (e.g. as recommended by the FPR, to support moving away from a reactive, supply-driven model), or more fundamentally to create a different assessment modality (e.g. to further increase the currently uneven accessibility for vulnerable groups or more innovative or unusual project and programme concepts)?
- **Gender and social inclusion.** The synthesis found that while gender requirements are being met, quality varies. While this may meet the requirements, it remains to be seen how effective the GCF is overall on dimensions of gender and social inclusion. More in-depth analysis could be conducted by the SPR to describe and assess the extent to which gender and social inclusion

issues are being designed into FPs (e.g. to what extent are FPs gender-neutral, gender-responsive or even gender-transformative?), and to further understand the outcomes of GAPs.

Chapter IV. IMPLEMENTING AND MANAGING FOR RESULTS AND RISK

A. Introduction

128. The GCF's total portfolio under implementation is expected to triple by 2023 relative to the IRM, indicating that a shift towards managing portfolio implementation for results and knowledge is a critical evolution (GCF/B.30/09; GCF/B.30/08). A maturing portfolio requires growing attention to results management, adaptive management, risk management and knowledge management, as the GCF Secretariat and external studies have both acknowledged (GCF/B.30/09; GCF/B.30/08). AEs and the Secretariat share responsibilities for monitoring the implementation of readiness and funded activities, confirming that GCF requirements are fulfilled, and ensuring that GCF funds are used to deliver results.

129. The GCF's original systems for managing for results included (a) the Results Management Framework (RMF), which was developed and subsequently updated through several Board decisions at the fifth, seventh and eighth Board meetings; and (b) the monitoring and accountability framework (MAF) approved at the eleventh Board meeting. The RMF was intended to

> (i) enable effective monitoring and evaluation of the outputs, outcomes and impacts of the Fund's investments and portfolio, and the Fund's organizational effectiveness and operational efficiency; (ii) include measurable, transparent, effective and efficient indicators and systems to support the Fund's operations, including, inter alia, how the Fund addresses economic, social and environmental development co-benefits and gender sensitivity (GCF/B.05/23; Decision B.05/03 (g)).

130. Results indicators for the GCF were further developed in the Performance Management Framework, as an extension of the RMF. The MAF was "designed to ensure the compliance of AEs with their accreditation standards over time and effective implementation of each of the GCF funded projects and programmes of the AE" (GCF/B.11/24; Decision B.11/10, Annex I). Among other things, the MAF requires AEs to submit annual progress reports (APRs) and interim and final evaluation reports for each funded activity. The MAF also provides guidance for the Secretariat in taking a risk-based monitoring approach based on risk flags.

131. The GCF has also adopted various elements of its Risk Management Framework through decisions B.17/11, B.19/04, B.23/14 and B.24/04. The GCF has a three-level project risk management system to address integrity risks, investment risks and project-specific risks.

132. The GCF's systems for results, risk and knowledge management have evolved in GCF-1, most notably through the approval of an Integrated Results Management Framework (IRMF) to replace the RMF and Performance Management Framework.

B. Measuring and reporting results

133. **The GCF has taken an important step in GCF-1 towards results measurement and reporting by approving the IRMF.** In the IRM, the use of the GCF's original RMF was marginalized by the GCF Secretariat and project-related stakeholders, and a large proportion of GCF projects did not make sufficient provisions to ensure credible reporting of results (Independent Evaluation Unit, 2018b). The FPR concluded that the GCF would not be able to fully measure its impact and

effectiveness due to gaps and weaknesses in its results management systems (Independent Evaluation Unit, 2019a). The specific shortcomings of the GCF's earlier frameworks to support results management have been well documented by both IEU and Secretariat assessments, including challenges with the implementation of multiple results frameworks, lack of clarity on results measurement, multiplicity of indicators and units that impeded aggregation, lack of guidance for AEs, inadequate resourcing by the GCF and AEs to apply frameworks, and a lack of integration with the GCF's investment framework. A strategic priority for GCF-1 was an updated results framework to "allow measurement and reporting of how all funded activities and operations contribute to GCF's overall strategic objectives" (GCF/B.24/11) and that "more clearly link[s] the investment framework and criteria and performance criteria […] with a view to ensuring more coherent programming and performance management approaches" (GCF/B.27/22, Annex II).

134. Board Decision B.29/01 approved the IRMF, marking an important milestone in the Fund's journey towards managing for results. Initial assessments of the IRMF identify improvements relative to the RMF – for example, a more systematic approach to results measurement and a focus on higher level results (Independent Evaluation Unit, 2021c). The IRMF also aligns with the GCF's investment framework and provides an explicit approach to support reporting against the GCF's mandate for paradigm shift and impact (GCF/B.29/12). For adaptation, the IRMF adopts additional quantitative indicators, which is viewed as an improvement by AEs and implementing entities. The IRMF also offers better guidance to minimize the risk of double-counting beneficiaries of GCF funded adaptation actions (Independent Evaluation Unit, 2021c). A complete assessment of the suitability and sufficiency of the IRMF remains to be undertaken.

135. Operationalizing the IRMF will take some time, however. It is expected to apply to projects and programmes submitted to the Board beginning at B.32 and will not be applied retroactively. The Secretariat's workplan anticipates the development of an accompanying results handbook in 2022 to assist AEs in reporting against the IRMF indicators (GCF/B.30/09). Per the final language in decision B.29/01, time will also be required for the Board to review and approve the results handbook "taking into account feedback received from accredited entities, national designated authorities and focal points, and other GCF stakeholders, on the application of the integrated results management framework". Complementary funding support under the RPSP to support DAEs in implementing the IRMF is under way, and its effectiveness remains to be assessed (GCF/B.30/Inf.11).

136. **The quality of results measurement, reporting and evaluation during implementation has been poor to date; and while progress has been made in GCF-1 to address these issues, the effect of limited GCF guidance and oversight during initial years of project approvals persists in the current portfolio.** A Secretariat review of 100 approved FPs found widespread shortcomings in project level monitoring and reporting frameworks, with more than half of all projects having gaps assessed as moderate, elevated or high risk. Further, not all projects are reporting against core indicators in their logframes, and up to 40 per cent of portfolio projects have moderate or high risk for outcomes not correlated with impact indicators, indicating a lack of ability to aggregate the GCF's portfolio level results. More than half of the indicators required further evidence for substantiation, meaning that projects "lack sufficient credibility in relation to contribution standards for results reporting" (GCF/B.28/04). These findings are consistent with the IEU's earlier assessment of the evaluability of FPs, including their theories of change and monitoring and reporting plans (Independent Evaluation Unit, 2019c).

137. Following the approval of the Board in decision B.28/02, the Budget Committee cleared the Secretariat's budget proposal for Phase I of the remedial measures during the reporting period

through B.BM 2021/17 in August 2021. According to the decision, Phase 2 would entail the Secretariat proposing a detailed action plan and funding envelope for remedial actions to be presented to the Board for consideration, not later than B.30, to cover the costs of the remediation activities to be undertaken at the Secretariat and AE level. Although such an action plan was not presented at B.30, the Secretariat's workplan for 2022 expects that "the Secretariat will also operationalize Board mandated work on addressing measurement gaps in the IRM portfolio, working […] in close collaboration with AEs to apply corrective M&E [monitoring and evaluation] measures for IRM projects presenting medium and high risks with regards to results monitoring and reporting" (GCF/B.30/09). Taking these remedial actions are essential to increase "the confidence of GCF in measuring the results of its IRM portfolio", as the GCF reported to the COP (GCF/B.29/03).

138. To improve the credibility of currently reported Fund level results (aggregated from individual projects and programmes), the Secretariat has also been undertaking reassessment of ex ante greenhouse gas (GHG) emission reduction estimates, with similar efforts planned for adaptation in 2022 (GCF/B.30/Inf.12). In mitigation, the Secretariat has reassessed mitigation impact estimates in 63 mitigation and cross-cutting projects approved before and at B.24 – resulting in an average reduction of 16 per cent. According to the Secretariat, the main drivers for the reduction include the incorrect or absent application of methodologies and errors in the emissions reduction models.

139. A similar review of currently projected adaptation results is also needed, given findings by the IEU and external studies that raise questions about how meaningful the Fund level indicator of numbers of beneficiaries is (Independent Evaluation Unit, 2021c; Frankfurt School–United Nations Environment Programme, 2020b). The current indicator lacks both a method for how beneficiaries are counted and information on the depth of benefits accrued by beneficiaries. A review by the Frankfurt School – UNEP Collaborating Centre for Climate & Sustainable Energy Finance found that the "heterogeneity of assumptions and calculation methods for determining 'direct and indirect beneficiaries' hardly allows for meaningful aggregation" (Frankfurt School–United Nations Environment Programme, 2020b). For example, the six projects approved at B.25 (FP124–FP128 and SAP013) use different methods and underlying assumptions to identify the number of direct and indirect beneficiaries. Projects working with overlapping populations may also be double-counting beneficiaries, as there is no reconciliation currently carried out by the Secretariat (Independent Evaluation Unit, 2021c). In addition, most adaptation and cross-cutting projects do not indicate the "intensity" of support nor whether the beneficiaries are "aware" that they are receiving support.

140. The IEU's recent private sector evaluation also found that the GCF will be unable to credibly measure and report the results of its private sector mandate. The IRMF does not provide core indicators that describe results related to catalysing private sector finance at scale. However, Secretariat reporting does indicate that a methodology is under development for measuring leveraged finance and parallel finance, including by source; projects approved before B.26 did not distinguish between public and private sources of co-financing (GCF/B.28/Inf.10-add03).

141. While APRs are the main source of information on the implementation progress of GCF projects and results, there is no system in place to spot check the veracity of data or compare GCF data with actual project activity and results at the country level (Independent Evaluation Unit, 2022a). The quality of private sector APRs is also variable, with insufficient monitoring data at the country level for multi-country private sector projects (Independent Evaluation Unit, 2021a).

142. Recent re-accreditation assessments also point to a mixed experience in terms of the quality of monitoring, reporting and evaluation across some IAEs and DAEs. The first DAE up for re-accreditation, EIF, was assessed to have "limited technical expertise to provide support in the monitoring of the projects to the level required in project implementation and management"

(GCF/B.30/17, Annex II). Reports were not submitted in a timely manner, and financial reporting was a particular weakness (GCF/B.30/17). The two IAEs assessed for re-accreditation, UNDP and IUCN, were found to be compliant in terms of reporting timeliness. IUCN's quality of reporting was considered above average, while UNDP tended to meet the GCF reporting standards with some exceptions related to financial aspects and some differences in quality among country offices. For UNDP, the reassessment also raised shortcomings in interim evaluations for projects, where performance ratings were not supported by evidence, lessons learned were missing, mobilization of co-financing was not thoroughly analysed and the analyses of the impacts of COVID-19 on delivery were insufficient.

143. **There is also substantial and urgent need for establishing a system to ensure the quality of monitoring and reporting on results under the RPSP; currently, there is a no way to systematically report on the outcomes, results and impacts of the RPSP portfolio of the GCF.** Secretariat reporting on the performance of the RPSP focuses primarily on inputs (e.g. grants approved, types of support requested), grant cycle milestones (e.g. disbursement, no-cost extensions, number of days to grant closure), and outputs (e.g. CPs or knowledge products prepared); there is no reporting at the outcome level (Independent Evaluation Unit, 2022a; GCF/B.29/inf.07/add04; GCF/B.30/Inf.09). The Secretariat is currently developing the Readiness Results Management Framework to link activities to strategic objectives and results and to support future assessment of the performance of the RPSP (GCF/B.30/Inf.11). This framework is important because it is not possible to assess the effectiveness of funding or compare the use of readiness funding in different contexts without it (Independent Evaluation Unit, 2022a). The quality of RPSP reporting has also been undermined as portfolio implementation challenges grew due to the pandemic (GCF/B.30/Inf.11). The Secretariat is simplifying interim progress reports and completion report templates and is also developing guidelines to support better reporting.

144. **Secretariat measures to improve results measurement and reporting, along with the IRMF, will take time to operationalize, leaving the GCF at risk of not being able to demonstrate a clear and credible accounting of its aggregate results at the end of GCF-1.** In the face of these substantial challenges, the Secretariat's activity reporting indicates an increasing emphasis on assessing climate results in GCF-1, as described above (GCF/B.30/Inf.12; GCF/B.30/09). Much of the Secretariat's remedial efforts, however, appear to be focused so far on ex ante results estimates (e.g. for GHG emissions reductions). It is not yet clear how long it may take for these improvements to translate into more credible project level monitoring and reporting during implementation such that the GCF can deliver a robust aggregate accounting of its results in GCF-1. The Secretariat has exceeded its annual targets for reviewing annual progress reports for results, with 74 APRs reviewed as of B.30 (GCF/B.30/Inf.11). However, available documentation does not describe the benefits of such increased review in terms of the credibility of results reporting. The Secretariat has also prepared new tools and guidance for AEs, including a project completion report template and a sample terms of reference for evaluators for interim and final project evaluations (GCF/B.30/Inf.11).

C. Managing for results and risk during implementation

145. **The GCF Secretariat has an important and growing responsibility to oversee the implementation of the readiness and funded activity portfolios to manage for risks and results.** The GCF's current approach for doing so is multi-pronged, involving multiple processes, levels and organizational units. The risk management framework and associated policies, including the

investment risk[34] and non-financial risk[35] policies adopted in decision B.19/04, set out a series of responsibilities at three different levels (Decision B.19/04, Annex V).

146. In general, during the implementation of GCF projects, the AEs are responsible for first-level defence, and the Secretariat's second-level responsibilities serve as a control or oversight function through the project cycle. Secretariat responsibilities in implementation generally lie with the Office of Risk Management and Compliance, the Office of the General Counsel, and the Portfolio Management Unit. The third level of defence is expected to make sure that risks are in line with the risk management framework. In particular, the Independent Integrity Unit (IIU) and the Independent Redress Mechanism provide independent review, assurance and accountability for the actions and interactions between the AEs and Secretariat. The IIU has direct access to project data collected through the Secretariat's integrated project management systems to support addressing project risks (GCF/B.28/Inf.10). The Independent Redress Mechanism provides a direct avenue for addressing grievances or complaints (a) by people who may be adversely affected by a GCF funded activity, or (b) by developing countries who believe they have been wrongfully denied funding.

147. **The GCF has not yet operationalized all the necessary tools to ensure an adequate control function, although GCF Secretariat activity reporting during GCF-1 indicates increased attention on optimizing implementation and adaptive management (GCF/B.30/Inf.12; GCF/B.30/09).** A recent IEU evaluation found that the MAF has been operationalized with regard to APRs, midterm reviews and final evaluations. However, tools still pending include an early warning system based on risk flags (project and AE risks); ad hoc project checks conducted on a yearly, random basis; and a risks-based annual review conducted on a given number of projects and programmes. Without these, the GCF has currently neither control over compliance with ESS and fiduciary standards nor adequate information to enable it to take remedial measures (Independent Evaluation Unit, 2022a). This situation may also have implications for the re-accreditation process, for which oversight of the performance of AEs during implementation should also be a critical input (GCF/B.30/09).

148. Some efforts have been made to address these shortcomings in GCF-1. The Secretariat's first Portfolio Performance Management System was launched in 2021, with further work reportedly under way to integrate other management systems. Ongoing work includes integrating the IIU processes to develop an integrated project risk and performance management framework that will define methodologies to monitor and track project risk and performance factors throughout the project activity cycle (GCF/B.30/Inf.12; GCF/B.30/09).The Secretariat expects the 2022 work programme to support an evolution towards more "proactive risk identification and risk-informed decision-making", including through expanding the Portfolio Performance Management System to operationalize early risk warning systems ("red flags") and trigger management procedures (GCF/B.30/09). This will be done in collaboration with the IIU to identify and manage risks through machine learning-assisted proactive integrity reviews (using text extraction and natural language processing of project documents to identify red flags) (GCF/B.30/Inf.11). Some evidence suggests that problematic projects are already being flagged by the GCF for close monitoring, based on reviews of APRs and consultations with AEs – 91 projects had been flagged as experiencing

[34] Investment risk during implementation generally refers to the risk that a funded activity or readiness or PPF grant will not deliver the expected impact (or will risk delay or shortfall in reflows). Another key source of investment risk is a lack of ability or willingness on the part of AEs to meet GCF's expectations; the upfront accreditation processes and FAAs are the primary tools for managing this risk.
[35] Non-financial risks are those with the "potential for financial and non-financial losses arising from the failure of people, process, or technology or the impact of external events".

implementation delays related to COVID-19, as of reporting at B.30 (GCF/B.30/Inf.09). A similar early risk warning system is also under development for the RPSP.

149. COVID-19 travel restrictions have meant that the Secretariat was not able to undertake planned project spot checks and site visits to check on quality of implementation (GCF/B.30/Inf.11). However, spot checks are planned to commence in 2022 (GCF/B.30/09). Such ad hoc site visits were also recommended by an independent study to strengthen on the ground monitoring, potentially through a regional presence, as was leveraging the internal guidelines currently being developing to facilitate more site visits (GCF/B.30/08). Together, these developments could begin to respond to the recommendations of the IEU's ESS evaluation to set up an early risk warning system, digitize and verify APRs, and conduct spot checks (Independent Evaluation Unit, 2020d).

150. **Limited independent assessment is available on the effectiveness of GCF systems for identifying and mitigating risks, ensuring adherence with GCF requirements, and managing for results during implementation.** Slightly more than a third of projects/programmes are progressing on track across each thematic area (mitigation, adaptation and cross-cutting) (GCF/B.30/Inf.09). Implementation challenges have been identified by both the Secretariat and the IEU, based on a review of APRs. The types of self-reported challenges have remained relatively constant over GCF-1, with operational challenges accounting for the majority, followed by financial challenges. The IEU found that procurement and implementation are fundamental challenges for adaptation projects; while projects in SIDS most frequently reported challenges related to transaction and operating costs, as well as procurement and implementation (e.g. difficulties in recruiting suitably qualified national and international staff) (Independent Evaluation Unit, 2020a; Independent Evaluation Unit, 2021c). Many of these challenges have been more recently related to constraints caused by the COVID-19 pandemic, including lockdowns and economic downturns (GCF/B.30/Inf.09; Independent Evaluation Unit, 2021c). The Secretariat has reported substantial engagement with AEs and delivery partners to address challenges reported during project implementation, especially as those related to restructuring requests and changes and measures to mitigate COVID-19 impacts (GCF/B.30/Inf.09). The effectiveness of these measures in addressing challenges is not fully known.

151. Re-accreditation assessments conducted by the Secretariat and the AP showed mixed implementation performance of some AEs. For example, one finding was that EIF "may need to review its human and technical resource capacity to enable delivery of quality project designs" (GCF/B.30/17). For UNDP, one of the Secretariat's key observations regarding the quality of the FPs in the portfolio under implementation was that "the quality varies substantially and there is a lack of consistency and uniformity across them with regard to meeting minimum quality standards as per GCF requirements" (GCF/B.30/17). This was evidenced in part by implementation challenges appearing in multiple years' APRs and taking considerable time to resolve; the UNDP portfolio was also found to be increasingly facing recurring cost increases / budget shortfall issues vis-à-vis design estimates.

152. **IEU evaluations have found limited oversight over the reporting of ESS and FAA conditions and their compliance, with not all covenants monitored** (Independent Evaluation Unit, 2020d; Independent Evaluation Unit, 2021a). Interviewees also expressed that organizational capacity constraints limit the GCF's ability to conduct sufficient oversight and perform full compliance checks (Independent Evaluation Unit, 2021a). In re-accreditation assessments, EIF was found to fully meet GCF Environmental and Social Policy and interim ESS standards, though opportunities were identified to make improvements in terms of compliance and reporting related to ESS, gender

and indigenous peoples. UNDP was found to have strong ESS and gender polices, strategies and principles, with no red flags noted.

153. In terms of the efficacy of the IIU or the Independent Redress Mechanism, the caseload is too limited to date to make any observations,[36] although an initial review of the Independent Redress Mechanism's handling of the self-initiated inquiry into GCF funded project *FP 001: Building the Resilience of Wetlands in the Province of Datem del Maranon, Peru* gives promising indications (Prasad and Kaushik, 2020). Through AE-specific grievance redress mechanisms, the Independent Redress Mechanism received one complaint in March 2020 about the lack of community consultations and lack of information provided to people who would or might be affected by project FP043, the "Saïss Water Conservation Project" (GCF/B.30/Inf.09).

154. **Implementation performance has been an issue with the RPSP, but the potential implications for risks and results delivery have not been documented.** Readiness grants under implementation are "not progressing as planned from approval to first disbursement and then to subsequent disbursements, even when controlling for pandemic effects" (GCF/B.29/Info.07/Add.04). One contributing factor is the poor quality of these grant requests upon approval. Secretariat response measures also imply that grant oversight has been insufficient, without a management system to monitor project progress and a lack of an agreed upon protocol for reviewing submitted progress reports and providing feedback to grantees (GCF/B.29/Info.07/Add.04). Poor quality of reporting, as noted previously, is also a confounding issue.

D. KNOWLEDGE AND LEARNING

155. **The GCF is in the early stages of its knowledge management practices and maturity, a stage that is broadly consistent with its organizational maturity.** The GCF has a mandate from its GI to "be a continuously learning institution guided by processes for monitoring and evaluation." The USP emphasizes better linking systems for monitoring, reporting, evaluation and knowledge management, and capturing evidence-based results and lessons from past implementation to enable improved future programming and implementation.

156. Some actions are in progress to move towards a more strategic systematization of knowledge management. The Secretariat adopted a knowledge management strategy and action plan in 2020, setting out priorities for delivering both internal and external knowledge management outcomes (GCF/B.28/Inf.10-add03). The adoption of this plan comes at an earlier stage than for other multilateral funds, such as the GEF (see Box IV-1). Secretariat reporting also indicates that the Secretariat gave some priority in 2021 to "the harvesting, codification and dissemination of lessons and best practices from implementation of its portfolio" to feed "these lessons back to GCF practitioners to enable more focused and informed programming" (GCF/B.27/04). In particular, the Secretariat set up a Readiness Knowledge Bank V.02, to help capture the results of the RPSP and analytically process this information into knowledge products that can be used to inform the design and implementation of RPSP grants (GCF/B.30/Inf.09). A GCF taxonomy has also been updated to increase the traceability and transparency in GCF documents and to enable analysis (GCF/B.30/Inf.11). The Secretariat also plans to extract information from the implementation experience of funded activities to feed lessons and best practices to GCF internal and external stakeholders to support "more efficient and effective portfolio origination, programming and implementation" (GCF/B.30/Inf.09).

[36] The Independent Redress Mechanism has had an increasing caseload year-over-year, from 2 in 2018, to 5 in 2019, to 15 cases total in 2020. Source: GCF/B.28/inf.07.

157. **The full extent to which the knowledge management strategy and action plan is being implemented and institutionalized is not yet clear**, including the cross-division and partner coordination that would be required to feed lessons from implementation into design of activities. The review of Secretariat capabilities to implement the USP did not cover broader knowledge management practices, and only examined portfolio and AE management and digital systems and processes (GCF/B.30/08). The degree to which GCF funded activities support knowledge management initiatives in regions or countries is currently unclear as there is no tracking of the extent and the forms in which projects support these functions (Independent Evaluation Unit, 2022a). Knowledge outputs are tracked under the RPSP, including structured dialogues, knowledge products and tools, peer-to-peer learning for NDAs and DAEs, and the inclusion of climate change adaptation in university curricula; but the substance and outcomes are not well documented (GCF/B.29/Inf.07/add04).

158. With the rapid growth of the GCF's portfolio under implementation, an important opportunity is emerging to gather and share on lessons learned, project evaluations, impact assessments and dialogues to guide NDAs, AEs and implementing partners towards more relevant, effective, sustainable and paradigm shifting interventions. A recent IEU evaluation found that knowledge management is particularly critical in LDCs, where access to knowledge on how to resolve problems under challenging conditions can be extremely valuable, and where indigenous knowledge and citizen science also have important roles in climate action (Independent Evaluation Unit, 2022a).

Box IV-1. Contextualizing knowledge management maturity at the GCF

A comparison of knowledge management (KM) practices at selected international organizations suggests that the trajectory of the GCF's KM development is largely consistent with or faster than that of other institutions:

- The GEF did not develop its first KM strategy until 2011. A 2020 evaluation by the GEF's Independent Evaluation Office further notes that KM workplans and strategies have only been sporadically updated. Despite improvements in knowledge capture, development, sharing and application, the evaluation nonetheless found that several key gaps remain, including the need to better optimize project level KM and the lack of a current KM workplan or strategy.
- A 2021 evaluation of learning and knowledge management (LKM) at the European Bank for Reconstruction and Development (EBRD) found that LKM is not embedded in EBRD's core business processes, and that the objectives of LKM have never been clearly articulated. It also found that the LKM function lacks top-level leadership and is largely perceived as a cost rather than a core component of EBRD's value proposition.
- A more strategic approach to KM has been institutionalized at the International Fund for Agricultural Development (IFAD). IFAD has in place a comprehensive Knowledge Management Strategy (2019–2025), which aims to foster more focused investment in knowledge development in areas where IFAD wants to be seen as a global leader. IFAD's KM strategy outlines three action areas: (1) knowledge generation; (2) knowledge use; and (3) enabling environment.
- The Asian Development Bank's Independent Evaluation Department found that despite the Bank's status as a widely respected leader in the development community in Asia and the Pacific, several issues may affect its ability to deliver the knowledge solutions envisaged in its Strategy 2030. These include strong silos between operations departments that limit cross-departmental collaboration and learning, and current gaps in the measurement and communication of knowledge.

Sources: GEF IEO (2020); EBRD Evaluation Department (2021); IFAD (2019); Asian Development Bank (2020)

E. Emerging observations for the SPR

159. The synthesis found that the GCF has begun to take steps in GCF-1 that can help facilitate an important shift from an approval culture to one that emphasizes managing for results – most notably through the approval of the IRMF. As the size of the GCF's portfolio under implementation triples in GCF-1 relative to the IRM, the GCF will need to pay increasing attention to results management, adaptive management, risk management and knowledge management. Secretariat reporting indicates that numerous activities have been initiated to this end. These include retrospective remediation of project level M&E systems, and increased oversight of funded activities and RPSP grants to ensure delivery of results and adherence with GCF requirements.

160. Based on critical appraisal and synthesis of existing documentation and evidence, some areas of further exploration in the SPR related to implementing and managing for results could be:

- **IRMF.** Because the IRMF will only be applied to projects starting later in 2022, the SPR will not be able to assess the effectiveness of this framework in improving the quality of measuring and reporting results in the GCF. The same is true for the forthcoming Readiness Results Management Framework. However, ex ante assessment of the IRMF is an area for possible contribution from the SPR, including, for example, when and how projects report against core outcome and impact indicators.
- **Reliability of GCF results reporting.** A credible accounting of aggregate results is critical to inform the second replenishment of the GCF, and the synthesis has raised questions about the GCF's ability to deliver on this. Both the Secretariat and the IEU have found widespread issues with the quality of project level M&E systems, with implications for the reliability of Fund level results reporting. The SPR should better understand the scope and effectiveness of the Secretariat's remedial actions on IRM projects' M&E frameworks. Given the widespread issues identified among IRM projects, the SPR could also potentially explore whether FPs approved in GCF-1 show higher quality at entry of M&E plans relative to those approved during the IRM.
- **Lack of results monitoring and reporting for the RPSP.** As noted, monitoring and reporting of RPSP results has been insufficient to date, focused primarily on inputs and outputs, and suffering from poor quality of reporting. The SPR could consider the implications of this for programme relevance, effectiveness and efficiency, and how current and planned Secretariat measures would address these shortcomings and better support managing for results and learning within and across RPSP grants.
- **Risk management.** With limited independent assessment yet available, the SPR could focus on the extent to which GCF "control" systems (e.g. compliance measures, risk management and ESS, APR review, mid-term evaluation/final evaluation requirements, IIU/IRM) are sufficiently mitigating risk and supporting the likelihood of achieving expected results, and the extent to which these systems are integrated across Secretariat organizational divisions.
- **Knowledge management.** The GCF is clearly in the early stages of developing and institutionalizing knowledge management practices, with responsibilities not yet clear and limited knowledge gathering and sharing so far demonstrated – thereby restricting the extent to which the SPR can assess the effectiveness of these practices. Instead, the SPR might focus on where the GCF could strive to be on knowledge management by the start of GCF-2, based on benchmarking and best practices. It could also explore how knowledge management relates to the position of the GCF within its partnership.

Chapter V. PROGRESS TOWARDS ACHIEVING RESULTS

A. Introduction

161. The GCF was established with the explicit goal of making "significant and ambitious" impacts for both climate change mitigation and adaptation, consistent with the overall objectives of the UNFCCC. The GI further mandates that the GCF "promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change" (Green Climate Fund, 2011).

162. At the end of the GCF's IRM period, the FPR found limited indications of first results, due in part to the nascent portfolio and low disbursement rates at that time. APRs had only been submitted for 37 projects. Even country visits revealed few tangible results, as many projects were in the very early stages of implementation or had not yet begun implementation (Independent Evaluation Unit, 2019a). This chapter synthesizes evidence of the GCF's progress towards achieving intended results through GCF-1, including its role in contributing to climate results, supporting paradigm shift and catalysing climate finance at scale.

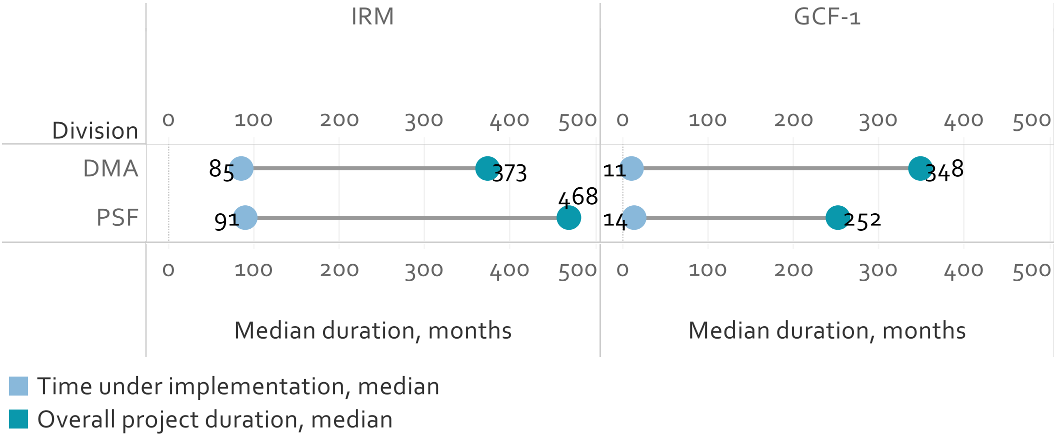
B. Progress towards results

163. **Although a substantial share of the GCF portfolio is now under implementation, the overall portfolio is still young.** As of B.30, 76 per cent of the GCF portfolio is under implementation, just exceeding the 75 per cent target set for 2021 (GCF/B.30/Inf.09). Recognizing the USP's operational goal to have 90 per cent of the total GCF portfolio under implementation by the end of GCF-1, the Secretariat has committed to having 80 per cent of the portfolio under implementation in 2022 (GCF/B.30/Inf.09). Between 2019 and the end of 2020, the portfolio of funded activities under implementation has increased from 75 projects (USD 3.5 billion) to 116 projects (USD 4.9 billion) (GCF/B.30/Inf.09). Disbursements also grew significantly in 2020, up by 65 per cent to a cumulative total of USD 1.51 billion. Cumulative expenditures are about a third of disbursement levels, at USD 592 million through 2020. This progress is significant, particularly given the project delays resulting from COVID-19 (discussed below in this chapter) (GCF/B.30/Inf.09). Consistent with the expansion of projects under implementation, the Secretariat expects record cumulative disbursement levels of USD 3.379–3.391 billion by the end of 2022 (GCF/B.30/Inf.09).

164. Despite progress to date, the overall portfolio is still quite young, with most projects approved in the IRM less than a third of the way through implementation, and those approved in GCF-1 even less far along, as shown in Figure V-1. Recent evaluations have also emphasized that certain portions of the portfolio are relatively nascent, in terms of implementation and disbursement status. As of B.30, most PSF projects had not yet started implementation and 42 per cent had not received their first disbursement, making it difficult to fully assess overall sector results. Because the PSF focuses primarily on mitigation, most future impacts will likely contribute to emissions reductions (Independent Evaluation Unit, 2021a). The IEU SIDS evaluation also noted that it may also be premature to comprehensively assess the extent to which the GCF SIDS portfolio is achieving intended results given the relatively young status of the portfolio – although observations from

country missions showed emerging signals of forthcoming impacts (Independent Evaluation Unit, 2020a).

Figure V-1. Time under implementation, Division of Mitigation and Adaptation and Private Sector Facility



Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.

165. **The GCF portfolio has self-reported some achievements in climate mitigation and adaptation impacts (not verified by this report).** For instance, aggregate results are reported by the Secretariat for impact indicators and two core indicators: GHG emissions reduced or avoided over the lifetime of the projects (for mitigation) and direct and indirect beneficiaries (for adaptation). Approach and methodologies for impact calculations are still being assessed by the Secretariat. As of B.30, 61 projects under implementation are reported to have a climate mitigation impact of 723 million tons of carbon dioxide equivalent (tCO_2eq) of emissions reduced or avoided over the lifetime of the projects. In terms of climate adaptation impacts, 83 projects under implementation are expected to contribute to a total of 305 million beneficiaries over the lifetime of the projects (GCF/B.30/Inf.09).[37] In total, 105 approved GCF projects are reporting results in APRs (55 per cent) as shown in Figure V-2. [38]

166. According to the annual portfolio performance report (2020) produced by the Secretariat at B.30, in 2020 the portfolio realized 7 per cent of its expected mitigation impacts (50 million tCO_2eq) and 16 per cent of its expected adaptation impacts (49 million beneficiaries), with most of these impacts expected to occur near and after project completion.[39] According to the IEU analysis on the figures reported in APRs, in GCF-1 the GCF investments collectively reduced 28,321,326 tCO2eq and reached 22,082,928 beneficiaries. These figures are not verified or evaluated by the current report. In the adaptation portfolio, the IEU found that reporting on number of beneficiaries is largely driven by two projects, FP002 (Scaling up the use of Modernized Climate information and Early Warning

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[37] These impact-potential expectations are not consistent with the FPR, which found that the approved GCF portfolio was expected to reduce 1.5 $btCO_2eq$, directly and indirectly, benefit over 276 million people, and manage over 2 million ha of land or forest areas more sustainably. As discussed in Chapter IV, in 2020 the Secretariat reviewed the GHG emission reduction estimates and their reporting, which resulted in initial recalculations of the results of FPs. It is not fully clear whether these revisions explain the halving of the mitigation target.

[38] IEU DataLab analysis, implementation period: first disbursement date to B.30 end date (to be updated), closed by DataLab on 18 January 2022.

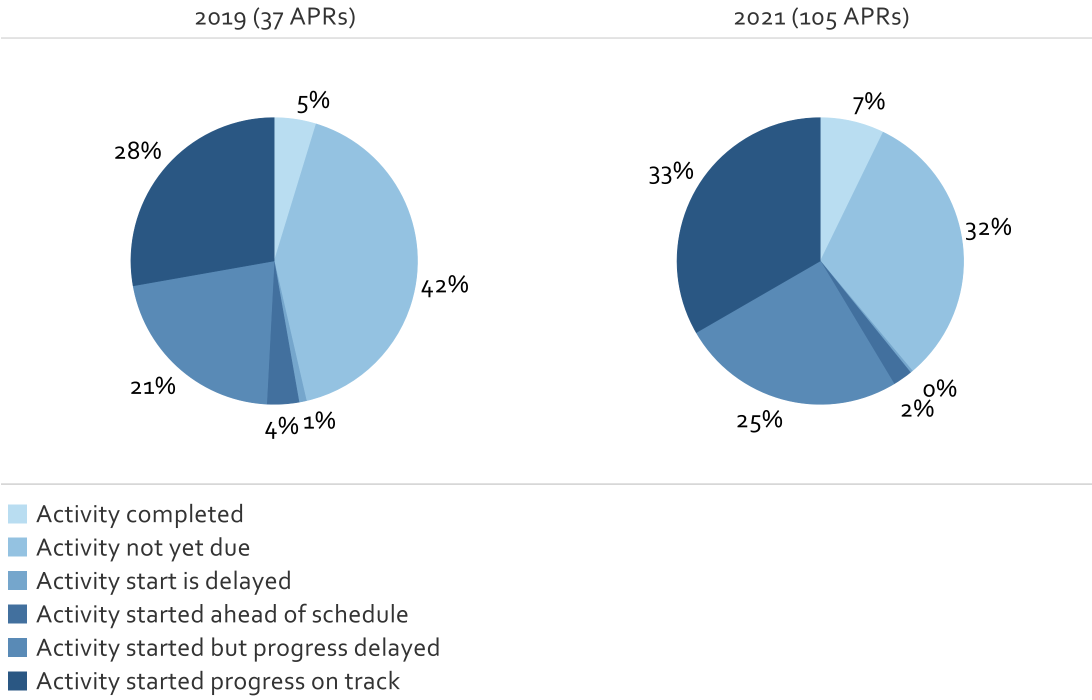
[39] Achieved impacts in 2020 were a smaller share relative to overall expected impacts compared to 2019 (15 per cent for mitigation and 4 per cent for adaptation). This was due to a significant increase in the expected emission reductions and a more modest increase in the expected number of beneficiaries from newly approved projects (larger denominator effect), which reduced the relative share of progress in 2020 against total expected results.

Systems in Malawi) and FP070 (Global Clean Cooking Program in Bangladesh) (Independent Evaluation Unit, 2021c).

167. **IEU evaluations since the FPR have documented very limited tangible results.** The most recent evaluation of the GCF's portfolio in LDCs, for example, found that of the total 77 Board approved projects in LDCs, only seven have been under implementation for more than three years and most have not yet reported on results (Independent Evaluation Unit, 2022a). Using quantitative impact evaluation estimates and qualitative data, the IEU's Learning-Oriented Real-Time Impact Assessment Programme showed that one completed project in Malawi had a statistically significant and positive impact in building adaptation capacity of farming households that face the risks of climate change and climate variability (Independent Evaluation Unit, 2022d). This impact is, however, not generalizable to the rest of the project and the GCF portfolio.

168. **In addition to the relative immaturity of the portfolio, project delays are slowing results delivery; the COVID-19 pandemic has been a challenging reality for nearly all of the GCF-1 period, adversely impacting and compounding existing implementation challenges while also affecting countries' overall development progress.** Delays have been pervasive in the GCF portfolio, and only slightly more than a third of projects/programmes are progressing on track across each thematic area (mitigation, adaptation and cross-cutting), as previously noted (GCF/B.30/Inf.09).

Figure V-2. Status of project/programme activities (per cent of scheduled activities)



Source: Submitted APRs, as of March 2021, analysed by the IEU DataLab.
Note: The Secretariat reported an increase in projects reporting delays in 2020, with 91 funded activities experiencing COVID-19 related implementation challenges, such as the following:

- disruptions to activities in the field (e.g. feasibility studies, training, workshops and conferences)
- limited access to project/programme areas due to travel restrictions and lockdowns
- supply chain challenges related to access to equipment and markets
- liquidity risks as the economic impact of the pandemic that has resulted in market disruptions along with cost inflation and local currency fluctuations

169. In many cases, these challenges have been reflected in the pace of project disbursements, with 32 projects failing to make new disbursement requests in 2020. This reduced cumulative disbursement growth from the period 2019–2020 (65 per cent) compared to 2018–2019 (113 per cent) (GCF/B.30/Inf.09).

170. Previous evaluations indicate that COVID-19 has been particularly damaging to vulnerable countries including SIDS, LDCs and African States; however, project implementation progress reported at B.30 presents a more varied landscape. As documented in Chapter III, SIDS, LDCs and African States often lack the capacity to access GCF funding. COVID-19 only compounds these challenges, posing an additional barrier to project implementation and the realization of expected results. For example, the IEU LDC evaluation found that 61 per cent of LDC projects faced delays, compared to 47 per cent of single-country projects in other GCF countries (Independent Evaluation Unit, 2022a). Moreover, the IEU SIDS evaluation also noted that these countries were particularly vulnerable to global economic shocks resulting from COVID-19 (Independent Evaluation Unit, 2020a). Similar evidence also acknowledged that COVID-19 has also put a general strain on countries' financial and human resources, with funds earmarked for adaptation measures being repurposed for other activities (Independent Evaluation Unit, 2021c). However, the Secretariat recently reported that SIDS, LDCs and African States have seen a similar or lower prevalence of challenges related to disruption of activities in the field, liquidity and solvency, cost increases of projects/programmes, and financing and concessionality, as compared to other portfolio countries (GCF/B.30/Inf.09).

171. **The allocation of approved GCF funding gives some indication of the types of climate results that may be forthcoming.** Among the results areas, energy access and power generation represented the largest share of total GCF funding among mitigation projects under implementation in both 2019 and 2021, followed by building, cities, industries and appliances (Table V-1). Health and well-being, food and water security had the largest share of total GCF funding for adaptation projects. While still relatively small compared to these results areas, there has been significant growth in other categories, including forestry and land use and low-emission transportation, which have increased threefold and fivefold, respectively.

Table V-1. Approved GCF funding by result areas (in USD million)

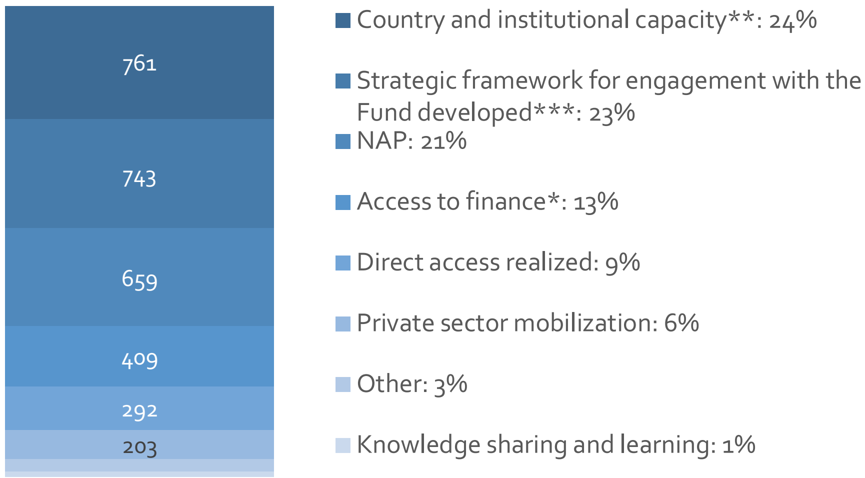
Results area	IRM (2019)	GCF-1 (2021)
Energy generation and access	1,760 (35%)	1,019 (21%)
Buildings, cities, industries and appliances	575 (11%)	913 (18%)
Forests and land use	499 (10%)	961 (19%)
Livelihoods of people and communities	601 (12%)	786 (16%)
Health, food and water security	618 (12%)	298 (6%)
Ecosystems and ecosystem services	289 (6%)	471 (9%)
Infrastructure and built environment	585 (12%)	122 (2%)
Transport	138 (3%)	393 (8%)
Total	**5,067**	**4,963**

Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.

172. The GCF also expects to achieve significant outcomes from the RPSP, but no outcome level aggregated report is yet available, as noted earlier in Chapter IVB. A total of 429 RPSP grants are

expected to deliver 3,185 individual outcomes, distributed across a range of categories as shown in Figure V-3. With a substantial number of RPSP completion reports now available, there is an opportunity to better report on these readiness- and capacity-related results.

Figure V-3. Expected outcomes of the RPSP portfolio



Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.
Note: The outcome information is extracted from the logic framework section of the readiness proposals. The categorization of outcome grouping was performed by the IEU DataLab, based on how the outcome is related to readiness objectives. One readiness proposal can have multiple objectives, which can include more than one outcome category. * Access to finance, climate finance strategies and/or pipeline development. ** Country and institutional capacity established/strengthened, including but not limited to NDA. *** Including but not limited to stakeholder engagement in consultative processes and country programming.

C. Paradigm shift

173. **Given the immaturity of the GCF portfolio, Secretariat reporting and IEU evaluation have focused more on fostering a paradigm shifting portfolio through programming, design and appraisal, as opposed to assessing the extent to which projects and programmes have been transformational.** Indeed, the USP focuses on “guiding and enabling GCF programming to promote paradigm shift” (GCF/B.27/22, Annex II). Most documents reviewed for this synthesis referred to the paradigm shifting potential of projects and did not assess projects’ actual contributions to paradigm shifts. For example, a recent IEU evaluation found that, at design, GCF support for sustained low-carbon and resilient development pathways is hampered by systemic barriers to paradigm shift in the LDCs. In particular, absence of conflict, a strong professional civil service core and social protection mechanisms are not explicitly addressed in GCF interventions but constitute critical components of the GCF’s ability to contribute to a paradigm shift (Independent Evaluation Unit, 2022a). Similarly, an IEU learning paper assessed the likelihood of transformational change ex ante, based on a review of FPs (Puri, Prowse and De Roy, 2021). The IEU SIDS evaluation featured respondent-described examples of expected paradigm shifts in GCF projects, based on country case studies (Independent Evaluation Unit, 2020a). Secretariat reporting points to paradigm shift potential through various pathways, including GCF stand-alone projects for LDCs and SIDS; projects funding innovative renewable energy plus storage solutions in SIDS;

projects with more integrated mitigation and adaptation benefits; projects maximizing green resilient recovery in the wake of COVID-19; and projects with potential for innovation, replication and financial sustainability.[40]

174. **The concept of paradigm shift remains ill-understood among stakeholders (**Independent Evaluation Unit 2020a)**, and Secretariat reporting of progress towards paradigm shifting pathways is vague.** Hence, there is need for and value in the IRMF's new approach to assess, report and analyse actual contributions to paradigm shift. In 2020, for example, AEs reported the following areas in their APRs as benefiting from GCF support towards paradigm shifting pathways:

> (i) potential for replication of the project/programme to other similar projects/programmes; (ii) strengthening of knowledge on climate change awareness and knowledge sharing through stakeholder engagement; (iii) the creation of an enabling environment by supporting national policies implementation on climate change; (iv) promoting community and private sector involvement; and (v) strengthening the national regulatory and legal framework through implementation of monitoring tools (GCF/B.30/Inf.09).

175. Moving forward, paradigm shift at the impact level will be assessed against three dimensions, as shown in Figure V-4**Error! Reference source not found.**. Contribution assessments will be done twice in each project's lifetime, embedded in an interim evaluation report and a final evaluation report.

Figure V-4. Assessment dimensions for paradigm shift as identified in the IRMF

Source: Adapted from GCF/B.29/14, Annex I

176. **Recent Secretariat working papers also illustrate a growing articulation of the GCF's approaches for transformative climate action.** In late 2021, the GCF published an overview of climate finance strategy (Green Climate Fund, 2021b). It sets out how the GCF is focusing its strategy on targeting four economic transitions – namely, built environment; energy and industry; human security, livelihoods and well-being; and land-use, forests and ecosystems. It also explains how the GCF is increasingly focused on supporting wider transformative approaches beyond project outcomes, including enabling environment strengthening to remove barriers to action, de-risking investment to mobilize finance at scale (particularly for more challenging non-market sectors and

[40] Such as "the first GCF project working directly through civil society organizations to strengthen community-led ecosystem-based adaptation in ocean States; establishing a sustainable public-private financing facility to implement a nation-wide sustainable forest management framework; and an equity Fund incentivizing sustainable plantation forestry in new markets to make the shift from depleting natural forests to growing profitable carbon sinks" (GCF/B.28/Inf.10_add 3).

lower income countries), accelerating climate innovation (technologies and business models) and aligning finance with sustainable development (with a particular focus on mainstreaming climate risk and opportunities in investment decision-making).

177. As another example, a 2021 working paper describes the four-pronged approach adopted by the GCF to accelerate and scale up transformative climate innovation, which the Secretariat asserts is "a core element of how it delivers on its ambitious mandate of promoting a paradigm shift towards low-emission and climate-resilient development pathways in developing countries" (Glemarec, 2021). These four prongs are to (a) establish a conducive environment for climate action; (b) facilitate the emergence of climate innovation; (c) de-risk market creating projects that will establish a commercial track record and crowd-in private finance for new climate solutions; and (d) align finance with sustainable development to accelerate the widespread adoption of new climate solutions. While these steps are articulated in GCF documents, their operationalization and effectiveness remains to be assessed. It is not yet clear how these strategies may reflect in the overall approach to programming and managing for results.

D. Catalysing climate finance

178. The GI calls for the GCF to play a key role in catalysing both public and private climate finance, while the USP further aims to "more systematically and fully realize the potential of the GCF to mobilize resources at scale," with a specific strategic priority to significantly increase mobilized private sector finance at the portfolio level. The COVID-19-induced economic and financial crises that have dominated GCF-1 have put an even finer point on climate finance constraints, with developing countries' access to finance severely undermined by the pandemic (Bayat-Renoux and others, 2020).

179. **Despite its strategic importance, the GCF's progress towards mobilizing climate finance in GCF-1 is not yet fully known.** This is partially because the methodology to measure and report on mobilized private finance has not yet been agreed. The Policy on Co-financing (adopted at B.24) clarifies definitions and principles for the GCF related to co-financing and mobilizing finance. Co-finance is the financial resources required, in addition to GCF resources, to implement the funded activity; while mobilized private finance is the amount of private finance mobilized as a result of the GCF financial resources provided, in the context of a funded activity.[41] In line with the Policy, the Secretariat is developing an instrument-based methodology to measure and report on mobilized private finance.

180. **Some data are available on levels of co-finance, although several studies have raised concerns about the GCF's ability to secure – and actually deliver on – adequate co-financing.** In principle, the Policy stipulates that co-financing levels should be appropriate, whenever possible, to maximize the impact of GCF resources, while recognizing "that while desirable to demonstrate alignment of interests between the GCF and AEs, and country ownership by developing countries, Co-financing may not always be achievable or realistic."[42] No minimum amount, nor specific sources, of co-financing are required. Expected co-financing ratios at approval are shown below in Figure V-5.

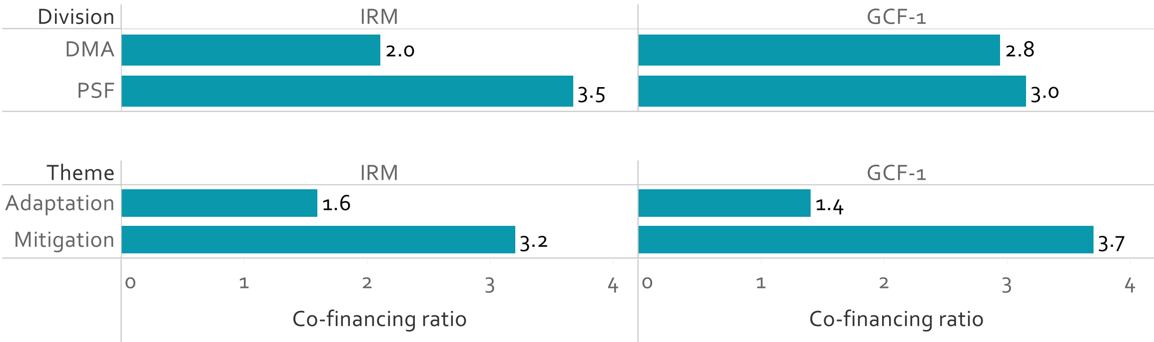
181. Secretariat reporting implies that co-financing projections at approval have not always been reliable or realistic, and that the Secretariat could more closely monitor realization of co-financing within the projects as a risk factor for delivery of project impacts and results (GCF/B.30/Inf.09). A transparent

[41] Policy on Co-financing, as adopted by the Board in decision B.24/14.
[42] Policy on Co-financing, as adopted by the Board in decision B.24/14.

and comprehensive tracking system for co-finance during implementation is not currently in place (Frankfurt School–United Nations Environment Programme, 2020a). The recent re-accreditation assessment of UNDP also flagged lack of co-financing/insufficient mobilization of co-financing as a recurring issue not addressed through project interim evaluations to date (GCF/B.30/17).

182. The IEU found that the GCF has leveraged large scale co-financing from public and private sources, but it has not leveraged an equally large scale of private funding at the national level. This is partly because the process for securing funding through the GCF is slow and highly unpredictable, which presents significant barriers to local private actors that cannot afford the risks and delays associated with accreditation and funding applications. The IEU concluded that the catalytic effect of the PSF specifically is likely limited due to its low risk appetite and lack of funding for the enabling environment (Independent Evaluation Unit, 2021a). The IEU's evaluation of the GCF's adaptation portfolio and approach also found that the limited amount of co-finance from private sources for adaptation projects needed attention, given the GCF's mandate, high risk appetite, a flexible suite of instruments and the reputation as the leading global climate finance mechanism (Independent Evaluation Unit, 2021c).

Figure V-5. Co-financing ratio by GCF division and theme as stated in FPs



Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.

E. Emerging observations for the SPR

183. The GCF was founded with ambitious expectations for the paradigm shift it would deliver. Halfway through its first replenishment period, the situation remains similar to what was at the time that the FPR was conducted, with few indications of tangible outcome level results. The reality is that although more than three quarters of GCF funded activities are now under implementation, the overall portfolio remains quite young, with most of the projects approved in the IRM being less than a third of the way through implementation. The COVID-19 pandemic has also been an omnipresent complicating factor for nearly all of GCF-1.

184. Still, some achievements in climate mitigation and adaptation impacts have been reported against the two core indicators of GHG emissions reduced or avoided over the lifetime of the projects (for mitigation) and direct and indirect beneficiaries (for adaptation). With the approach and methodologies for those impact calculations still under review by the Secretariat, however, it is difficult to assess how credible Fund level results aggregation is currently (see also Chapter IV). The situation is similar for paradigm shift and mobilizing climate finance, with methodologies either only very recently approved (as for paradigm shift in the IRMF) or not yet finalized (mobilizing

private finance). Taken together, these statuses present a significant challenge for the SPR in assessing GCF results.

185. Below the synthesis presents some areas for further assessment and exploration in the SPR:

- **Results of funded activities that are further into implementation.** It is critical for the SPR to gain a deeper understanding of the results of funded activities. This could be pursued through country case study sampling that prioritizes countries with projects further into implementation (e.g. submission of multiple APRs) and case study protocols that allow for site visits, whenever feasible according to international and local best practices in limiting the spread of COVID-19. For projects that have passed the midpoint of implementation, country case studies can also explore contribution to emerging signals of paradigm shift. The SPR could also systematically analyse available independent interim (midterm) evaluations of funded activities, to assess delivery against intermediate outcomes that are not typically monitored at the Fund level, as well as actual realization of co-financing.
- **Results of readiness programme grants.** As noted, the actual results of RPSP grants are not systematically assessed or reported by the GCF Secretariat. Therefore, barring an early evaluation of the RPSP, there is no assessment of the results or impacts of this important GCF programme. With some RPSP completion reports now available, this represents an important new source of evidence related to the reach and activities of the RPSP. The SPR may probe further questions – for example, what results are being reported as achieved by the RPSP, and to what extent do these logically link to the ultimate delivery of climate results?

Chapter VI. INSTITUTIONAL ARCHITECTURE AND PERFORMANCE

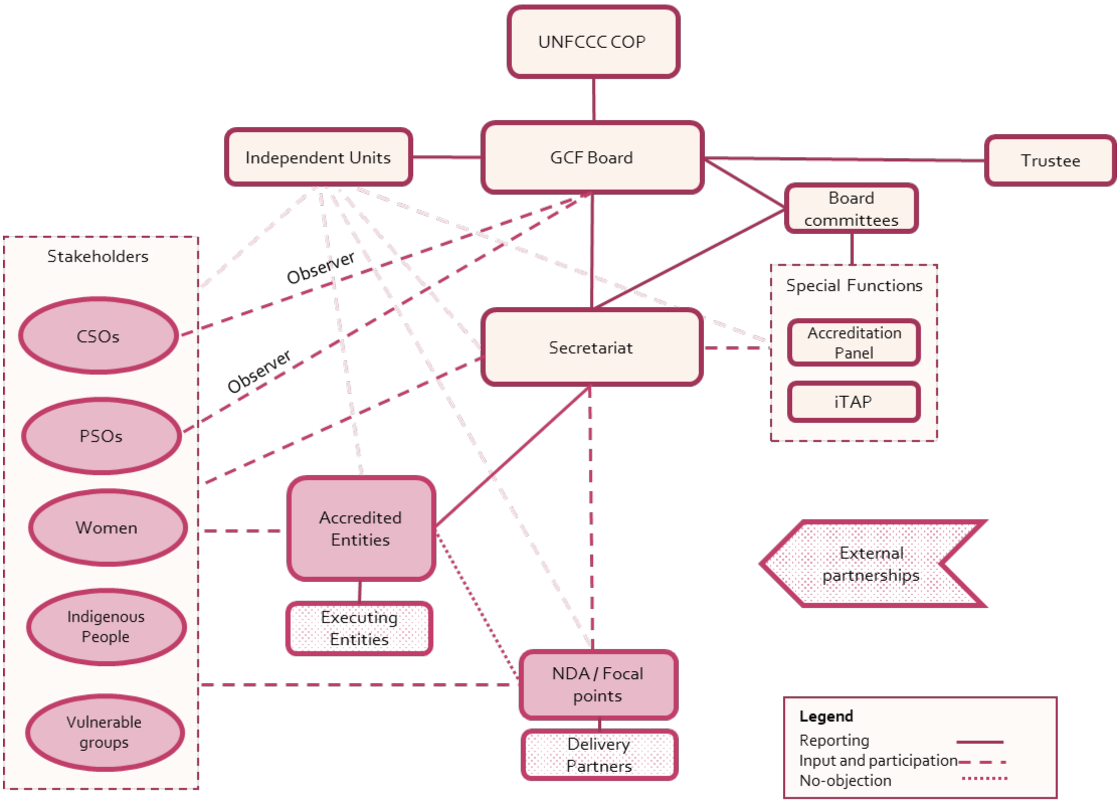
A. Introduction

186. The GI of the GCF lays out the GCF institutional architecture, and provides for the constitution of the Board, establishment of the Secretariat, the Trustee and three independent units. The core GCF institutional architecture consists of the Board with its governance and supervision function, the Secretariat as the main managing and operational body, and the independent units and Trustee to assist the Board in oversight (Figure VI-1). Other partners and special institutional structures assume important roles in the GCF architecture: externally, these are the AEs and NDAs / focal points, as well as CSOs, private sector organizations (PSOs), vulnerable groups, indigenous peoples, and women as main GCF stakeholders. Special functions are assigned to internal bodies such as the AP, the Climate Investment Committee, and iTAP, and to national delivery partners in support of NDAs / focal points and recipient countries.[43] According to the USP, the GCF built a unique operating model during the IRM, characterized as a "collaborative and partnership-based business model" that is country driven and offers a wide range of financing instruments (GCF/B.27/22; decision B.27 /06).

187. This chapter first synthesizes what is known about GCF governance as it relates to the effectiveness of the institution, and then, second, synthesizes the alignment of the GCF policy architecture with guidance from the UNFCCC COP. A third section focusing on the broader GCF institutional partnership, including the Secretariat's management function. Overall, there has been limited research in GCF-1 on the GCF's institutional governance and structure, with some information available on specific functions and partner contributions.

[43] Described by the USP as "panels, committees and groups".

Figure VI-1. Partners and stakeholders in the GCF Institutional Architecture and their relationships



Source: Based on FPR Figure III-1
Notes: FPR Fig. III-1 was expanded to include GCF special functions associated with the Secretariat and the Board (AP, Climate Investment Committee, iTAP, Board committees) and other partners for country support (delivery partners and regional advisors) and for coherence and complementarity (external partnerships).

B. Governance

188. The GCF is governed by its Board, which comprises 24 members and has equal numbers of members from the developing and developed country Parties. The Board is co-chaired by a member from a developing country and a member from a developed country. GCF Board decisions are taken by consensus (or by procedures developed by the Board for adopting decisions if all efforts at reaching consensus have been exhausted). The GI presents a broad framework and provides general roles and functions of the Board, with substantial flexibility to oversee the operations of the Fund (Schalatek and Watson, 2020).

189. In multilateral institutions, good governance has often been assessed along multiple dimensions.[44]

- Effectiveness concerns the extent to which the Board delivers on its key roles and functions, including good strategy formulation, implementation and oversight, and its operations as a

[44] Documents consulted: Global Environment Facility Evaluation Office Fourth Overall Performance Study of the GEF: Full Report (2010); GEF Sixth Overall Performance Study of the GEF (2018); Zedillo, E. and others (2009) Repowering the World Bank for the 21st Century: Report of the High-Level Commission on Modernization of World Bank Group Governance; Independent Evaluation Office, International Monetary Fund (2008) Governance of the IMF: An Evaluation; Food and Agriculture Organization of the United Nations (2007) FAO: The Challenge of Renewal. Report of the Independent External Evaluation of the Food and Agriculture Organization of the United Nations; Universalia (2002) Organizational Assessment: A Framework for Improving Performance.

collective, with concerted efforts, as well as clarity of responsibilities and roles, also vis-à-vis day-to-day management and operations.

- Efficiency refers to the costs of Board operations and how much time and how many documents it takes for issues to be discussed by the Board. Efficiency also includes the extent of delegation to committees and groups.
- Representation and voice concern adequate channels for all stakeholders of an organization to express their views, but also to participate meaningfully in decision-making and influence policy outcomes.
- Accountability deals with the Board's instruments to monitor and evaluate the Secretariat, as well as how Board members are held accountable themselves. Transparency is a related issue.

190. Overall, there has been limited assessment of the performance of the Board in governing the GCF as it relates to the overall effectiveness of the institution, with most attention paid to its effectiveness in terms of approving, adapting and overseeing policies and strategy, a key function of the Board (for a summary of principal Board functions see Box VI-1).

Box VI-1. Functions of a governing body

Three principal functions of a governing body emerged from evaluations of several international organizations:

- Steer an organization strategically, set priorities to manage and allocate resources
- Provide oversight and monitor implementation
- Represent stakeholders and the political authority of member countries

It is at the governance level that conflicts of interest among stakeholders are resolved and policy issues discussed and concluded in a timely manner.

Source: Zedillo and others (2009); GEF IEO (2010, 2018); FAO (2007); IMF IEO (2008)

1. Effectiveness

191. The 2019 FPR found major gaps in the delivery of policies, one of the key functions of the Board. This concerned overlaps, unclear definitions in existing policies and critical gaps in non-existent or out-of-date policies and governance frameworks. Many key policies and required Board decisions on guidelines and standards prepared by the Secretariat were still pending approval from the Board (Independent Evaluation Unit, 2019a). The FPR also predicted that three Board meetings per year would be unlikely to resolve this backlog.

192. The Board's four-year workplan for 2020–2023 established an ambitious policy development, implementation, learning and review cycle. This cycle stages consideration of outstanding policy items and reviews in a sequence that is informed by time-sensitivity to programming and strategic priorities (GCF/B.25/Inf.13; GCF/B.27/22, Annex II). The Co-Chairs then followed a request by the Board to update the Board workplan upon adoption of the USP – in particular, to ensure predictable management of commitment authority each year; to clarify internal roles and responsibilities through refining the GCF internal control framework; to review GCF capabilities, especially those of the Secretariat and iTAP; to deliver increased programming and implementation; and to strive to increase coverage of GCF privileges and immunities as foreseen in the GI (GCF/B.28/Inf.13).

a. Board effectiveness in delivering its work programme

193. **The Board has made progress in GCF-1 on its 2020–2023 work programme but has struggled to fully implement its policy agenda and close the policy gap.** Approving the USP at B.27 was a significant accomplishment by the Board, although its approval was somewhat delayed, due in part to the onset of the COVID-19 pandemic around the time of B.25. The COVID-19 pandemic additionally contributed to continuing delays in addressing policy gaps; the shift to remote sessions reportedly hampered progress in policy formulation, with many developing country Board members citing major connectivity and capacity constraints (Schalatek and Watson, 2020).The Board made more substantial policy progress in 2021, with seven policies approved.[45] According to a Secretariat report, the Secretariat has worked closely with the Board on all policy drafts under the 2020–2023 Board workplan, for consideration by the Board, Co-Chairs or committees (GCF/B.30/Inf.11). A range of consultation modalities were piloted, including written reviews, informal sessions and bilateral engagements with Board members.[46]

194. However, many critical policy/strategy gaps remain, such as the UAF (including the PSAA), SAP, policies on concessionality and incremental funding, a programmatic approach, and a strategy for the private sector, as well as others on direct access, stakeholder engagement, and the participation of CSOs, PSOs, indigenous peoples and vulnerable populations.[47] A number of these were included as drafts in provisional Board agendas in 2021 but were not opened for discussion. Several of the policies adopted in 2021 were arguably more process oriented, less complex and less controversial than some of those deferred and still pending. The Secretariat noted that the Board's policy agenda remains extraordinarily rich (GCF/B.30/09). The policy gap and insufficient clarity about policy operationalization and definitions (such as the missing GCF definition of adaptation) to allow countries and AEs to proceed with effective and efficient programming has drawn findings and recommendations in numerous IEU evaluations (Independent Evaluation Unit, 2021c; Independent Evaluation Unit, 2020a; Independent Evaluation Unit, 2021a; Independent Evaluation Unit, 2019b). One external paper also suggested that the competence and capacity of a specialized Board committee will need to be strengthened to effectively tackle the backlog of policy issues (Schalatek and Watson, 2020). See also section C below on mapping the policy landscape to COP decisions.

195. **Despite policy delays, in GCF-1, the Board has continued to perform its administrative and funding-related tasks, including approving FPs, accreditations and re-accreditations, and internal GCF workplans and budgets.** Acting on a GCF capability review by the Secretariat to deliver the USP (GCF/B.30/Inf.08), the Board in decision B.30/06 also agreed to increase the Secretariat headcount of positions, requested changes in the Secretariat organizational structure, and urged enhanced efforts to improve efficiency (see also section D below).

196. Challenges experienced in Board policy governance are not uncommon among multilateral organizations. The World Bank governance evaluation (Zedillo and others, 2009) did not consider its Board as an effective forum for policy-setting, since, among other reasons, its many other responsibilities did not leave enough time to devote to strategic matters. It also found that the

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[45] In 2020, the one policy related document approved was the GCF Updated Strategic Plan. In 2021, the policies were the Integrated Results Management Framework (B.29/01) and the finalization of the Revised Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (B.BM-2021/08) both of which had been on the Board agenda for multiple years (seven years in case of the IRMF). Other policy decisions concerned iTAP operations (B.28/03), Administrative remedies and exclusion (B.BM-2021/09), Evaluation Policy of the GCF (B.BM-2021/15); Investigation Standards (B.BM-2021/22), and new guidelines to facilitate Board consideration of IRM reports (B.BM-2021/16).

[46] For 2022, the GCF Secretariat plans symmetrical, multi-Board-cycle policy consultation processes to facilitate consensus-building and informed decision-making.

[47] The latter gap was mentioned specifically by the FPR (Independent Evaluation Unit (2019a)).

Board's size (25 chairs) was too large, and the relative lack of experience and political seniority of, and professional standards for, Executive Directors was not conducive. There also was an absence of strategy-setting processes. The IMF evaluation (2008) found that key functions that required strong political ownership received little attention at the IMF Board since there was often insufficient high level political guidance and support for Boards and Executive Directors from member countries. Arguably, the nature and mandate of the GCF Board differs from those of other institutions, but there may be significant lessons, which will be addressed in the SPR.

b. Clarity of Board and Secretariat roles in policy formulation and implementation

197. **The Board has yet to consider a formal review and clarification of the roles and responsibilities of the Board and the Secretariat in operationalizing and implementing policies, including to ensure effective accreditation and programming.** The Secretariat built its structures, staffing and capacities as prescribed by the GI. As reported by the FPR, the role of the Secretariat expanded (and had already during the IRM) beyond managing processes and operationalizing activities, to providing technical support for project development and developing strategies and policies for review and approval by the GCF Board (Independent Evaluation Unit (2019a). But the Board has not yet started to consider delegating more authority to the Secretariat for developing procedures, guidelines and standards for Board approved policies beyond its current role in operational guidance and tools development on a day-to-day basis, as well as for some investments (Independent Evaluation Unit, 2019a).[48]

198. Management responses to evaluation recommendations often refer to Board guidance that would be required to address pressing issues (Independent Evaluation Unit, 2019a; Independent Evaluation Unit, 2020b; Independent Evaluation Unit, 2019b). The expanded volume of policy work and urgency for action suggests that a devolved decision-making process could be more suitable for meeting the GCF's objectives while also enhancing its reputation (Independent Evaluation Unit, 2019a). The Secretariat's capabilities report observes that a more comprehensive policy suite would require specialized roles to develop and implement some policies, and mainstreaming of wider policy implementation and monitoring processes (GCF/B.30/Inf.08). The Secretariat agrees that clarifying matters related to delegation of authority would increase the efficiency and effectiveness of GCF operations and it "stands ready to advise the Board on possible areas for greater delegation of authority in operational policy development and portfolio development and implementation" (Independent Evaluation Unit, 2019a).

199. The quest for clearer Board and Secretariat roles is mirrored in a GEF 2010 governance evaluation (Global Environment Facility Evaluation Office, 2010) that concluded that "One fundamental rule of good governance is a clear definition by both Governance and Management of their respective functions, roles and responsibilities. At present, the GEF exhibits an overlap of these roles, with management assuming some of the prerogatives of governance and the governing bodies involving themselves in the micro-management of the organization" (with disagreements regarding what constitutes micro-management).

200. The IEU's accreditation synthesis brought up the question of weak governance and policy by the Board's Accreditation Committee and recommended that the Board take up the issue of enhanced communication between the Accreditation Committee and the AP (Independent Evaluation Unit, 2020b). The USP also suggested a review of how the Board's committees, panels and groups assist

[48] Rec.4.a, for which the Forward-looking Performance Review Management Action Report (Independent Evaluation Unit, 2022b) rating is "low".

the Board in its decision-making and exercise any delegations of its authority, in a manner consistent with the Rules of Procedure, the GI and prior Board decisions (GCF/B.27/22, Annex II).

201. Some progress on policies has been made since the FPR, with the policy manual now requiring all new policy proposals to include an impact and implementation analysis, including on budget, resourcing/capacities and stakeholders (as had been suggested by the FPR, Rec. 4.d). Such an analysis has been included in all draft policy proposals submitted to the Board in 2021 (Independent Evaluation Unit, 2019a). According to the B.30 Secretariat activities report, the Secretariat is also making arrangements for managing and monitoring implications of approved policies. In addition, a comprehensive policy review is planned by the Secretariat (GCF/B.30/Inf.11 B.30).

2. Efficiency

202. **There is evidence that efficiency of the Board is impacted by lack of agreement among Board members, and consensus-based decision-making.** Observers to the GCF have noted that the need to reach consensus has led to gridlock with the Board, with "conflict lines" between developed and developing country Parties, as well as within constituencies on issues such as governance reform and funding priorities, and also more generally about the purpose of the Fund (Kalinowski, 2020; Splawn, 2021). A lack of consensus has prevented decision-making at times (Kalinowski, 2020). In Board meetings following B.20, which was particularly regarded as an unsuccessful meeting, the Board discussed some governance reforms. At B.23 in July 2019, the Board approved a voting procedure for decisions in the absence of consensus, which allows funding decisions to move forward with the support of four fifths of present and voting Board members, unless four or more developed or developing country Board members vote against it, to avoid gridlock (Schalatek and Watson, 2020; Kalinowski, 2020). Such a voting procedure is seen as an important tool for speeding up decision-making in the Board (Kalinowski, 2020). Some observers have noted that new procedures for decision-making between meetings might also help the Board facilitate policy decisions, for which the voting procedures in the absence of consensus do not apply (Schalatek and Watson, 2020). However, agreement on procedural and substantive items is often a challenge facing the Board, as illustrated at B.28, when one of four meeting days was spent on a debate on the agenda (Splawn, 2021). Some efforts at orchestrating consensus and negotiations have been challenged by the COVID-19 and a switch to remote meetings in 2020–2021.

203. Micromanagement and overloaded agendas have also led to frustrations among Board members and observers around inefficiency, as important items are perceived as continuously deferred or are not even getting on the agenda (Independent Evaluation Unit, 2021a). Post-meeting reviews of Board agendas in GCF-1 frequently show unopened items.

3. Representation and voice

204. **The GCF compares well to other international organizations in terms of representation** (as shown in Table VI-1), as one of the few major international organizations that has embraced a strong role for civil society and the private sector in the Fund's operation since its inception. The FPR found that the GCF has a functional institutional structure and an influential Board with equal representation from developing and developed countries (Independent Evaluation Unit, 2019a). Developing countries "have an unprecedented influence in the GCF Board compared with other international organizations," a position that supports country ownership (Kalinowski, 2020). Gender balance in the Board is also a consideration called for by the GI; however, as of November 2020, there were just six female Board members and 10 female alternate Board members (Schalatek and Watson, 2020).

205. The GCF has involved civil society and the private sector as observers from the beginning, and two representatives of CSOs (one from a developed and one from a developing country) and two PSOs can participate in meetings, although they cannot vote. Although observers' right to actively participate also remains controversial and somewhat unsettled (e.g. in terms of whether they are entitled to speak or only upon invitation, or in terms of rights outside of Board meetings), in practice civil society organization representatives are able to contribute to all discussed items. Overall, civil society plays an important role in the discussions of the Board and its role in supervising the work of the Secretariat (Kalinowski, 2020). However, since 2016 there have also been ongoing discussions at the GCF Board to conduct a participatory review to address weaknesses in the observer participation function (e.g. the lack of financial support for participation of observers from developing country CSOs, and the lack of direct representation for indigenous peoples); this review is now part of the Board's four-year workplan for 2020–2023 (Schalatek and Watson, 2020). The Indigenous Peoples Advisory Group, expected to be convened in 2020 (Schalatek and Watson, 2020), and started informal work at the end of 2021. In addition, there is potential for deeper and more ongoing engagement with non-Party stakeholders (such as cities and the private sector) to support implementation of the Paris Agreement (Bowman and Minas, 2019).

Table VI-1. International organizations from a comparative perspective

	UN	World Bank/IMF	GEF	GCF
Type of international organization	Intergovernmental	Intergovernmental	Intergovernmental	Polycentric intergovernmental
Decision-making	Majority	Majority	Consensus	Consensus-oriented and voting
Voting principle	Once country one vote	Shareholder principle (one dollar one vote)	16 developing, 14 developed, 2 transition	Developed-developing parity
Veto	In security council	15% (for major decisions)	Consensus	1/3 of vote
Civil society participation	Weak	Weak	Moderate	Strong
Private sector involvement	Weak	Weak	Weak	Strong

Source: Adapted from Kalinowski (2020)

4. Accountability

206. **The synthesis found very little independent assessment of the GCF Board's performance against the dimension of accountability.** In 2021, the Secretariat has begun to report on its performance, including in delivery of the USP, through Board approved efficiency and effectiveness key performance indicators (KPIs). No independent assessment was available to date of the implications of these metrics and targets in terms of, for example, their alignment with broader strategic objectives or whether there are trade-offs in their achievement.

207. Some of the institutional practices at the GCF support accountability. All Board meetings are streamed on the Internet, supporting transparency and accountability in the Fund's operation (Kalinowski, 2020). Information disclosure also supports accountability; since GCF-1 (2020), APRs

have been publicly disclosed. See also the discussion of the independent units in supporting accountability in Chapter IVC.

208. Generally speaking, accountability of a governing Board and that of its members can have a significant impact on effective and efficient governance and ultimately legitimacy. At the heart of Board accountability assessments is the fusion of the three functions of executive boards: those of management (including policy-setting), oversight and political representation – a fusion that gives rise to several conflicts of interest (Box VI-2) (Zedillo and others, 2009). As a result, accountability of Board members at the World Bank (2009) and the IMF (2008) was assessed as relatively weak. According to Nestor (2018) constituency boards usually embody a tension between serving the interest of the organization and individual members serving national or other interests, be it since they are legally bound to represent respective countries or constituencies or differently committed as part of advocacy groups. One academic study explored the governance basis for removing a disruptive Board member, in the wake of B.20, and found that such a decision would rest with the "developed country Parties to the UNFCCC as a group" (Bowman and Minas, 2019).

Box VI-2. Signposts for evaluating governance

An IEU review of governance evaluations and literature indicated a number of important factors for consideration in evaluating governance performance:

- There should be a clear understanding of the Board's different roles and responsibilities and their inherent tensions.
- Board members need the right level of knowledge, skills and experience, which is partly related to Board tenure.
- Conflicts of interest must be avoided as far as possible and made transparent in all cases.
- Structural factors such as Board size and composition are important, but often the soft aspects of Board decision-making are equally critical, or even more so. This includes appropriate and sufficient information, enough time for open and critical debates, mutual respect and trust, Board gender balance, and the role of the chairperson.
- Work done by Board members outside the Boardroom and early and frequent bilateral consultations between Board members and Management/staff can be equally important.
- And last, Board self-evaluations of how they are working together can help as a standard practice to enhance cooperation.

Source: Summarized from an IEU SPR review of governance literature: Zedillo and others (2009); Cornforth (2001); Van den Berghe and Levrau (2004); Independent Evaluation Office, International Monetary Fund (2018); Nestor (2018).

C. Alignment of GCF policy architecture with COP guidance

209. The USP prioritizes urgently closing remaining investment policy gaps in line with the 2020–2023 Board workplan, an action that was endorsed by the Board in decision B.27/06(a). This includes prioritizing updates to policies related to project and programme eligibility and selection criteria, adaptation activities, financial terms and conditions of GCF instruments, guidance on programmatic approaches, and enhancing clarity on the climate rationale (GCF/B.27/22). As noted previously, a concurrent IEU report is assessing progress made against the strategic and operational priorities and actions in the USP. To inform this assessment, the concurrent IEU report mapped all COP decisions

through COP26 and relevant guidance from associated UNFCCC workstreams, bodies and committees to GCF policies – in order to evaluate GCF alignment. The findings of this analysis are summarized here; for a more detailed discussion and full mapping, see the IEU rapid appraisal of progress against the USP (Independent Evaluation Unit, 2022c).

210. **Six key gaps in the GCF policy landscape have been identified in the areas pertaining to loss and damage, coherence and complementarity, adaptation, REDD+, stakeholder engagement, and accreditation** (Independent Evaluation Unit, 2022c). The analysis further showed that not all identified gaps are fully accounted for in the USP. For example, the COP has noted that updating the accreditation framework and approving a PSAA are urgent remaining needs governing how the Fund considers and ultimately finances projects. Likewise, the COP has requested the GCF Board to continue to fund activities related to loss and damage and consider the strategic workplans of the Executive Committee of the Warsaw International Mechanism (Decision 12/ CP25). Loss and damage would need to be considered and assessed under the GCF's current investment and results framework. However, the USP does not explicitly expect new or dedicated policies related to loss and damage.

211. Several of the gaps noted are areas in which the COP calls for strengthening of existing policies. For instance, COP has requested improvements in how the GCF engages non-governmental and private sector stakeholders (Decision 7/CP.21 para. 19; Decision 7/CP.20 para. 17). While the GCF has several policies setting parameters for engagement, there are no clear policies that map out how the GCF can effectively engage and promote participation of its stakeholders, particularly vulnerable groups. While there is a key action in the USP considering engagement with impacted people and communities, how this will be operationalized has not been fully articulated. This lack of operationalization has been noted in several IEU evaluations (Independent Evaluation Unit, 2019b; Independent Evaluation Unit, 2020d), and there is further room for strengthening.

D. The GCF Secretariat and broader partnership

212. The USP asserts that successful delivery of the GCF strategic vision, objectives and priorities for 2020–2023 critically depends on the GCF taking steps to evolve its operating modalities and institutional capacity to successfully execute its programming strategy (GCF/B.27/22, Annex II). The clear feedback from the IRM was that the GCF must be able to improve its institutional predictability, transparency, speed, efficiency and effectiveness to match the urgency of the climate challenge. This became the fifth strategic objective of the USP to be supported through (a) optimizing operations, (b) enhancing institutional capacities, and (c) aligning resources for results.

213. Delivering against this goal is related to the performance of the Secretariat as well as to how the Secretariat works in unison with its partners and stakeholders in managing and delivering the GCF mandate and the USP. Institutional structures, business processes and systems for optimal management are currently under review by the Secretariat. In particular, the Secretariat's 2021 capabilities review report (GCF/B.30/08) explicitly acknowledges the role of GCF delivery partners and their capacities for planned reforms and efficiency gains and the Secretariat's relationship with these partners.

1. Secretariat structure, capacities and reforms

214. **The Secretariat reports that it is in the process of optimizing its operations, increasing its staffing and carrying out a reform agenda to enhance GCF internal structures, business processes and systems, and alignment of partners and their capacities with the GCF's strategic**

vision. The effectiveness of these efforts remains to be assessed. The Secretariat's current capacity is 288 FTE, made up of 215 filled staff positions (compared to the 250 established in decision B.18/11) and 73 consultant FTE. The Secretariat has executed its work programme with staff levels below capacity projections. The Secretariat's growing workload reflects the GCF's growth from a USD 2 billion fund in 2017, to a USD 8.4 billion fund in 2021, and an expected USD 15 billion fund in 2023. This also means the doubling of annual average programming (a 100 per cent increase) and a portfolio during GCF-1 almost triple the size of the IRM (of readiness and funded activities).[49]

215. According to an external study commissioned by the Secretariat, Secretariat staff have so far absorbed this dramatic increase in workload without the full anticipated complement of staff. This has been achieved through efficiency measures and overtime commitments from employees (GCF/B.30/08). Over the GCF-1 period to date, the Secretariat has made investments in redesigning, codifying, streamlining and automating its business processes, covering accreditation, programming, implementation, policy and internal corporate processes, as self-reported by the Secretariat (GCF/B.30/09). These and further investments are expected to increase the Secretariat's operational efficiency by up to 10 per cent. Previous efforts since 2017 had already helped the Secretariat realize efficiency gains estimated at 26 per cent (GCF/B.30/08). These gains have not been without trade-offs, however, with the GCF earning a reputation for a poor work–life balance and the Secretariat having to make strategic choices in terms of annual work programme delivery (e.g. the number of FPs that can be reviewed, comprehensive analysis of annual reporting) (GCF/B.30/08). Improvement efforts in 2020 focused on strengthening workplace culture and internal grievance and dispute resolution measures (Shalatek and Watson, 2020).

216. According to the Secretariat's activity report submitted at B.30 the capacity for the GCF to achieve further progress against the USP and Secretariat programming targets in view of the rapidly rising and maturing project portfolio will depend on available commitment authority and the Secretariat's capability build-up in 2022 and 2023 (GCF/B.30/Inf.11). In decision B.30/06 the Board agreed to increase Secretariat staffing from 250 to 300 in 2022 and to 350 in 2023, accompanied by changes in recruitment and staff composition, such as more senior staff and fewer consultants.

217. **Organizational structural changes are still in progress.** Structural changes made to the Secretariat based on the capacity review during the IRM (2017) included adding a Deputy Executive Director, a Division of External Affairs, and strategic planning and knowledge management functions. These changes have improved efficiency. Still, the FPR found that there were no incentives and structures to induce a one-GCF model rather than each of the parts playing a disjointed role, which especially concerned collaboration on interlinked public and private sector activities and between the Division of Mitigation and Adaptation and PSF (Independent Evaluation Unit, 2019a). To this end, several measures have been taken or are being planned by the Secretariat, with new interdivisional review teams and the introduction of collaboration KPIs into individual performance reviews. The organizational charts of the programming divisions have been updated and harmonized to facilitate interdivisional cooperation (GCF/B.30/Inf.08).

218. Still, the IEU recently found that the distinction between the Division of Mitigation and Adaptation and the PSF remains unclear, not only to AEs and countries, but also to Secretariat staff, which limits cross-divisional coordination. Board approval of the PSAA and the private sector strategy are expected to further help in this respect. For 2022 the Secretariat plans to pursue collaborative initiatives to improve the FP review processes, better aligning programming engagement and communications, promoting problem-solving through its interdivisional project teams, and improving handover practices (GCF/B.30/09).

[49] Note that the figures for 2021–2023 in this graphic are still showing projections.

219. In Decision B.30/06 the Board also explicitly agreed to update the Secretariat structure to formalize a Division of Portfolio Management and requested the Secretariat to present a review of its organizational structure in conjunction with strategic planning for GCF-2.

The reform agenda of the GCF Secretariat

220. The recent review of Secretariat capabilities proposed a detailed reform agenda for project cycle and enabling environment business processes,[50] falling broadly into four groups (GCF/B.30/08):

- Internal processes in which the most significant remaining bottlenecks and potential for gains lie: improving the operationalization of internal collaboration, decision-making and team accountability structures of projects; establishing stronger feedback and learning loops to ensure upstream actions are well informed by downstream results; finalizing the codification of processes for policy development and implementation; and streamlining and automating corporate processes for human resources and procurement.
- Digital systems put in place to automate business processes of project cycle and enabling processes remain incomplete and would require ongoing investments in data and IT integration.
- GCF Partner alignment. As internal Secretariat productivity gains are harder to come by, attention is draw to enhanced alignment and quality management by GCF partner AEs. Misalignment between project cycle partners (GCF, NDAs, AEs and delivery partners) and with USP programming objectives is still leading to weak FPs, longer processing times and increased review iterations and workload for all stakeholders. Reforms would require improved targeting of partners through accreditation and re-accreditation and enhanced Secretariat coordination and communication with partners to triangulate programming priorities and standards upstream, among others through a GCF regional presence.
- Partner technical capacities. Partner climate-technical capacities, particularly among lower-capacity NDAs and DAEs, could be addressed through the Secretariat rolling out more standardized and easier-to-access support packages and technical assistance at relevant points in the project cycle, including for DAE accreditation, common readiness proposals, sectoral and technical support for CN and FP development, M&E and implementation support.
- Many of these proposed reforms build on ongoing Secretariat efforts but move into deeper organizational change reforms. The Office of Executive Director would have the mandate of oversight of the change management agenda, implementation progress and results. The Secretariat also plans to establish an operations control function for ensuring business processes are codified and implemented. For 2022 it aims to continue improving delivery against its service standards for accreditation, readiness, PPF, iTAP and SAP reviews and change requests. For this purpose, a series of review process updates and simplifications are envisaged for 2022 including enhancing Secretariat collaboration with iTAP and stakeholder guidance on the application of the Fund's review criteria (GCF/B.30/09).

2. Broader GCF partnership

221. One of the key findings of the FPR was that while the fundamental parts of the GCF partnership, including its operating and delivery structures, were valid and represented the GCF's mandate (Independent Evaluation Unit, 2019a), implementation did not deliver in several areas (Independent Evaluation Unit, 2019a). Above all, the FPR emphasized clarity of roles and responsibilities of key

[50] Business processes included for the project cycle: accreditation, readiness, origination, project development and appraisal, project implementation. Enabling processes were policy development and implementation, procurement, and recruitment.

actors with respect to implementation, including those of the Secretariat, AEs, NDAs and delivery partners, and iTAP, and a solutions-driven approach in which different actors worked more closely together. Second, policies and operational guidelines were designed and implemented mostly as a one-size-fits-all model. This model did not sufficiently consider the heterogeneity of country contexts, categories and regions, including those of AEs, and especially DAEs, as well as different project types, modalities and objectives. Third, a number of aspects concerning country ownership require more attention. These aspects are closely related to findings that key stakeholders from the civil society organization communities and the private sector have not been consistently participating in national GCF activities.

222. Measures taken by the Secretariat since 2020 on clearer roles and responsibilities of partners and on moving away from a "one-size-fits-all" partnership model may be generally expected to address some concerns raised by evaluations but will require validation in the SPR (Independent Evaluation Unit, 2022b). The Secretariat has launched operations and programming manuals, the latter of which outline the roles of key stakeholders throughout the project approval cycle (Independent Evaluation Unit, 2022b). The emerging DAE Action Plan (GCF/B.29/Inf.07, Annex I) aims to improve dialogue between all actors, further clarify roles, and to provide integrated support from entity nomination to project approval. Some key GCF instruments were supposed to serve different countries and stakeholders in a more differentiated, better adapted and faster way – but some of these have not yet been significantly improved (SAP, see Chapter IIIC2), widely used (EDA), or Board approved (programmatic approaches, PSAA).

a. Country ownership

223. **A high emphasis in the USP on country ownership led to much Secretariat attention and many initiatives to support countries, but updated standards and guidelines for country ownership and engagement are still missing.** Country ownership is one of four USP strategic priorities aimed at refocusing country programming more strongly on informing the accreditation and programming process, improving predictability and accessibility of support through the RPSP and PPF and building DAE capacities (GCF/B.27/22, Annex II). Country ownership is also linked to the USP strategic priority of better access to Fund resources, especially through direct access (see Chapter IV).

224. The GCF has not yet developed effective standards for country ownership nor updated its country ownership guidelines and approaches. These would, among other things, better acknowledge the differences in country types, regions and capacities in programming and application of GCF modalities and finance instruments, as proposed by the IEU evaluation of country ownership approach (Independent Evaluation Unit, 2019b). At B.30, the Secretariat submitted a Review of Guidelines for Enhanced Country Ownership and Country Drivenness (GCF/B.30/Inf.11/Add.03), which identified the engagement of the private sector, NDA capacities in monitoring ongoing projects and more effective coordination in countries as the major challenges, while confirming many IEU findings on country ownership from its evaluation of the country ownership approach and the FPR.

225. A regional GCF presence to support country ownership is still under consideration. The IEU specifically recommended in its evaluation of the country ownership approach that the GCF pay particular attention to NDA leadership and coordination of country activities, related capacities and constraints; to active engagement of a broader range of country partners through multi-stakeholder arrangements; and for the GCF to better manage knowledge, communication and dialogue with countries, through a review of the GCF's regional presence. A review of GCF regional presence was

endorsed by the USP[51] and has started by now through the Secretariat Capabilities review that investigated and modelled three scenarios of regional presence (GCF/B.30/Inf.08). In decision B.30/06, the Board requested the Secretariat to consult Board and alternate members and to present terms of reference for a feasibility study further examining options for a GCF regional presence, for consideration as a decision between meetings no later than March 2022.

b. Country civil society and private sector engagement

226. **GCF structures and processes do not adequately leverage the capacities of CSOs and private sector actors in countries (**Independent Evaluation Unit, 2019a)**.** The FPR did not find any GCF mechanism to ensure that the voices of indigenous peoples and other vulnerable communities are sufficiently heard and in ways they demand. For this reason, it suggested stronger GCF support of an active network of in country and international CSOs and PSOs and enterprises, and representatives of indigenous peoples and vulnerable communities, *both financially and operationally*. FP development includes a review of consultations with CSOs and indigenous peoples but there is no GCF mechanism to financially and operationally support in country and international CSOs, PSOs and indigenous peoples (Independent Evaluation Unit, 2019a). This would require further Board guidance.

227. **Weak country ownership of private sector engagement leads to low interest for private sector participation and mobilization in recipient countries.** Regarding stronger private sector engagement and country ownership, the 2021 IEU private sector evaluation recommended more concise strategies on desirable private sector participation in GCF CPs, expanding the pool of private sector DAEs and making their access easier and faster, more engagement by NDAs beyond the stage of no-objection letters, and carving out funding for enabling environment activities to catalyse private finance. Similarly, Bowman and Minas (2019) called for a more diverse group of direct access private sector AEs beyond banks, particularly for bringing in their experiences and capabilities to influence legal and regulatory mechanisms on climate finance. Missing opportunities for stronger private sector engagement in countries contributed to a decreasing PSF share in the GCF funded portfolio from 40 per cent during IRM to 33 per cent at B.28 (Splawn, 2021). Another issue raised for private sector country ownership is that a number of GCF projects are framework agreements with private sector AEs, for which the Board approves only the broader intent of the project, with substantial sub-projects being approved by the AE without any country, Secretariat or Board review or knowledge, and with obvious challenges to country ownership.

E. Emerging observations for the SPR

228. There is much scope for the SPR to add value in providing an assessment of the effectiveness of the governance of the GCF contingent on the evaluability, its institutional structure and capacities (particularly the Secretariat), and its partnership model, since there has been limited research and evaluative evidence in GCF-1 on these topics, except for accreditation. For governance, there have been missed opportunities in GCF-1 to further operationalize and adapt the Fund as called for by the GI, especially through setting policies and frameworks. On institutional structures, capacities and partnerships, the Secretariat in 2021 started a reform process of revising its systems and business processes, expanding its capacities, and better aligning partners and their capacities with the GCF

[51] Independent Evaluation Unit (2019a) (5.2): Assess needs and options for establishing a GCF regional presence to be closer to the countries GCF serves and monitor portfolio implementation. The Secretariat will undertake a cost-benefit assessment of potential options, looking at specific operational bottlenecks, capacity gaps and experience with pilots to date, for the Board's consideration prior to the second performance review of the GCF.

and USP strategic visions. These observations through the synthesis suggest a few potential areas and issues for further consideration in the SPR:

- **Governance.** For governance, the SPR might explore the reasons for slower progress in policy-setting, taking into account external factors such as COVID-19, and other Board functions and governance performance criteria applied in other international institutions (effectiveness, efficiency, representation and voice, and accountability). The relationship between the Board and Secretariat is another area of possible interest, including how effectively the Secretariat has been working with the Board in forwarding the Board's 2020–2023 workplan and how the division of labour has evolved between Board, Board Committees, the Secretariat and other relevant panels and groups that provide inputs into Board decisions.
- **Secretariat.** With an external review of the Secretariat capacity to deliver on the USP recently completed, the SPR can take a more targeted approach. Some assessment could be made of the relevance and sufficiency of ongoing reform processes to deliver the GCF mandate and adapt to the requirements of a maturing organization, changing climate finance context, and GCF experiences in IRM and GCF-1. In addition, a review of how the GCF Secretariat has operationalized and adaptively managed in response to the USP could be useful, such as through the introduction and incentivization of cross-divisional reviews and cooperation ("One-GCF", as also proposed by the FPR), and of innovation and risk-taking. This could also include a critical analysis of USP programming and operational targets for the Secretariat, and how these align with and influence the achievement of broader strategic objectives.
- **Broader partnerships.** In terms of its broader partnerships model, the main issues arising from the synthesis are whether the GCF partnership model is well defined and understood and whether the GCF is well structured and incentivized to effectively manage these partnerships to support achievement of its mandate, including catalysing climate finance and supporting paradigm shift. A second area of exploration might be around the extent to which Secretariat business processes are oriented towards the diversity of NDAs, AEs and other partners and aligned with country or regional differences (moving away from the "one-size-fits-all" model, as recommended by the FPR).

Chapter VII. COMPLEMENTARITY AND COHERENCE

A. Introduction

229. The GCF is mandated to ensure the complementarity and coherence of its projects and activities at several levels, including among multilateral climate finance institutions, and across the broader institutional climate finance and policy landscape (e.g. development partners, international finance institutions, national development banks). The concepts of coherence and complementarity were initially set out in the GI:

> 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. 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 (FCCC/CP/2011/9/Add. 1, Decision 3/CP.17, Annex V, paragraphs 33 and 34).

230. At the same time as the GCF was established, the COP's Standing Committee on Finance (SCF) was created at COP 16 to support the permanent Subsidiary Body on Implementation concerning the Financial Mechanism. According to decision 2/CP.17, para. 121, the SCF was tasked with "improving the coherence and coordination in the delivery of climate change financing". Guidance to the GCF from the UNFCCC comes through the SCF.

231. The Initial Strategic Plan (2016) also identified need for the GCF to "build on its comparative advantages and operate in coherence with the existing climate finance institutions". At that time, GCF competitive advantages identified included programming and financing at scale (including leveraging additional finance from innovative and alternative sources), partnerships with public and private actors at different levels, higher levels of risk appetite than other funds, a willingness to pilot and pursue innovation (including technology), and a broad range of financing instruments. The Initial Strategic Plan (2016) also sought to influence "the global practice of climate finance beyond its immediate engagement using its UNFCCC operating entity status to improve country ownership, direct access and raise ambition".

232. As the GCF became operational, further work was undertaken to define the concepts of complementarity and coherence, as well as to develop a strategy. As set out in the Operational Framework (Decision B.17/04, Annex II), the two concepts are defined as follows:

- "Complementarity" refers to synergies among the various climate funds' activities in similar sectors and themes (adaptation or mitigation), and even across regions of similar characteristics, with the aim of scaling up transformative actions.
- "Coherence" refers to using country programming to seek alignment with nationally determined contributions (NDCs) and national adaptation plans (NAPs).

233. The Operational Framework tasks the GCF Secretariat with reporting on outcomes and progress on implementation to the Board once a year. Activities and associated reporting are structured around four pillars:

1) Board level discussions on fund-to-fund arrangements (governance, business models, policies)
2) Enhanced complementarity between climate funds at the activity level (e.g. readiness activities, NDC/NAP support, accreditation processes, M&E)
3) Promotion of coherence at the national level (aligning around investment programmes, policies, coordination)
4) Complementarity at the level of delivery of climate finance through an established dialogue between climate funds

234. The USP has restated the importance of the complementarity and coherence agenda and set out five priorities consistent with decision B.17/04, as well as described how the agenda will be mainstreamed (e.g. into sector guidance). The five priorities are as follows:

1) Complementing actors supporting the NDC update process (such as NDC Partnership) through translating national priorities into investment programmes
2) Working to scale up successes and advance programming synergies with other climate funds
3) Utilizing opportunities for blending, parallel and sequenced finance to improve predictability of finance and impact
4) Defining through guidance how GCF programming in specific sectors and geographies will complement other climate finance in a country driven manner
5) Advancing knowledge collaboration to synthesize and broaden knowledge dissemination

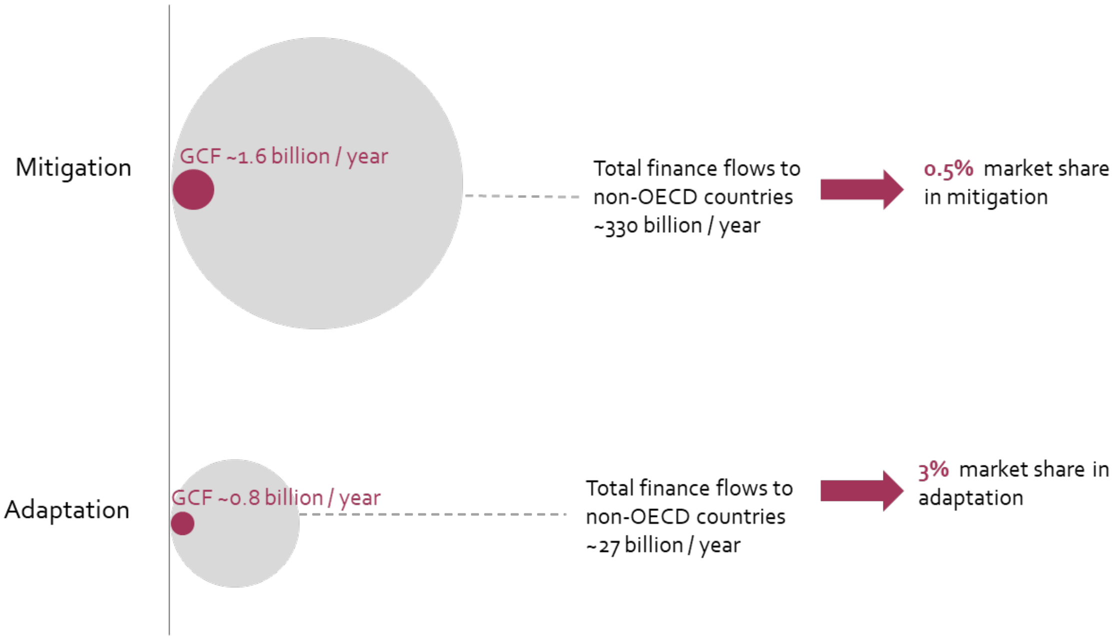
B. Global and institutional level

235. **The GCF is the largest multilateral climate fund with a high level of legitimacy and convening power.** The GCF was established in an already crowded climate finance landscape, but as a result of its size and its UNFCCC mandate to "become the main global fund for climate change finance," (Green Climate Fund, 2011) it now occupies a privileged position as the primary vehicle for multilateral climate finance. By virtue of its position, the GCF has the potential to promote alignment and collaboration with and between other climate funds, as well as to influence other institutions providing climate finance through its partnership strategy (e.g. operating through AEs and through its on-lending and regranting function). However, some studies have suggested that the GCF does not currently maximize the potential of this position. For example, the IEU recently found that the GCF could improve its "convening and catalytic power" in the adaptation space to pursue greater coordination, develop and share best practices (Independent Evaluation Unit, 2021b).

236. **Despite its size, the GCF represents only a small fraction of overall climate finance flows.** It operates in a much broader landscape of multilateral, bilateral and MDB / development finance institution support for climate action. As shown in Figure VII-1, the GCF's relative importance is significantly greater for adaptation (representing around 3 per cent of total finance) compared to mitigation (where it occupies approximately 0.5 per cent of the total flows).[52]

[52] Despite the GCF committing a higher share of its own funds to mitigation (even in grant equivalent terms), the significantly larger public and private infrastructure investment opportunities in core mitigation sectors (e.g. energy, transport, buildings) contribute to a smaller footprint in mitigation.

Figure VII-1. Relative scale of GCF funding in context of overall climate finance flows



Source: Tableau server iPMS data, as of B.30 (8 October 2021), Climate Policy Initiative – Climate Finance Landscape 2019, analysis by IEU DataLab.

237. **As a result of the broad GCF mandate and "full spectrum" operating model, there is potential for complementarity, duplication or misalignment with a range of other public and private climate finance activities, depending on the approach**. The profile of the GCF (broad geographical and thematic mandate, range of institutional partnerships and financing instruments, large scale of funds) means that there is significant potential for complementarity and coherence, or for overlap and duplication with other public and private climate finance if not properly structured. For example, the IEU private sector evaluation (2021) notes that the GCF private sector portfolio is targeting the same themes and regions as other climate funds, international finance institutions and development banks, thus suggesting limited use of complementarity and coherence (Independent Evaluation Unit, 2021a). As noted below, efforts at complementarity are ongoing with select multilateral funds (GEF, Adaptation Fund, CIF), but coordination and collaboration are also important with the broader set of MDBs and DFIs (who also receive climate finance support directly from donors) as well as with dedicated donor programmes and private sector initiatives.

238. **Parameters exist around which the relative strengths and positioning of the GCF versus other funds can be structured.** The relative competitive positioning of the GCF is articulated across a few documents. There is some thematic prioritization in the USP, for example, increased focus on using concessional resources to mobilize private sector capital in near commercial sectors (e.g. energy, transport, agriculture) and supporting resilience in poorer geographies where private finance is likely to be slower to emerge. The GCF paper on Financing Climate Action (Green Climate Fund, 2021a) also identifies four key sectoral transitions for GCF support (built environment; energy and industry; human security, livelihoods and well-being; and land-use, forests and ecosystems), alongside transformative objectives (enabling environment, de-risking investment, accelerating innovation and aligning with sustainable development). The CIF-GCF report on synergies between climate mechanisms (Climate Investment Funds and Green Climate Fund, 2020) sets out some of the distinguishing features (scale, thematic and geographic scope, AEs, type of instruments, level of concessionality) that might help define the offer. It also identifies potential differentiated roles that

funds could play across the transition, from enabling environment and capacity-building, to piloting and scaling.

239. **However, it is not clear whether the GCF has yet sufficiently articulated its comparative advantage or added value relative to the wider climate and development finance landscape.** The GCF continues to articulate its priorities and areas of competency in an incremental way, providing some reference point for other climate finance institutions and programmes to guide their own evolution and partnership strategies. However, strategic communication on GCF competitive advantages strategic positioning and role relative to the wider climate finance landscape is not well set out. The report on synergies between climate mechanisms concludes that while GCF comparative advantages and natural synergies exist, "these are not systematically and intentionally leveraged". This was recognized in the IEU's 2021 evaluation of the GCF's adaptation portfolio and approach where there was a recommendation for the GCF to better clarify its position in adaptation finance, noting scale and risk appetite as potential differentiators (Independent Evaluation Unit, 2021c).

240. **The GCF has made substantial efforts to align and integrate multilateral climate finance at the institutional level with like-minded funds (particularly the GEF and Adaptation Fund), with some evidence of early progress on objectives, processes and joint programming**. Significant efforts have been made with the GEF (Green Climate Fund and Global Environment Facility, 2021) and Adaptation Fund to begin alignment of processes and planning objectives, with some early joint programming and capacity-building activities at global, regional and national level. Proactive institutional engagement with other climate funds and DFIs remains at a nascent stage, although efforts are ongoing to support CIF engagement, and more recently, discussions have begun with the NAMA Facility. There has also been exploratory work with DFIs through the International Development Finance Club (Green Climate Fund and International Development Finance Club, 2021). There is some evidence of improvements in process efficiency (e.g. accreditation, joint scoping of opportunities, programme development), but as yet limited evidence of transformational impact or additional collective outcomes. Examples of progress identified include the following (GCF/B.27/Inf.12; GCF/B.30/Inf.11/Add.04):

- With the GEF, collaboration has been ongoing since 2018 to develop and operationalize a partnership strategy, create a coordination committee, explore joint programming and collaborate on readiness activities. A joint GCF-GEF Long-term Vision was presented to the GCF Board in 2021 (Green Climate Fund and Global Environment Facility, 2021; GCF/B.29/Inf.07, Annex II). This vision identifies three areas of collaboration. First, the GEF and the GCF will co-support major initiatives (building on previous collaborations such as the Great Green Wall Initiative, Amazon Initiative and SFM-REDD+ initiative). New initiatives are being developed for SIDS, LDCs and private sector collaboration. The GCF and the GEF have identified opportunities for maximizing synergies with the GEF's "Global Programme to Support Countries with the Shift to Electric Mobility". The GCF and the GEF will explore joint investment planning initially in up to five countries and work collectively to deploy collective finance. The partnership is supported by development of joint guidance, lessons learned and communications strategies (e.g. at COP26).
- With the Adaptation Fund (AF), the GCF is exploring expedited processes for (re)accreditation of common AEs, the potential role for the GCF in scaling up AF pilots, providing a funding envelope for direct AF management and providing joint support to the Community of Practice of Direct Access Entities committee for the development of a Readiness proposal to fund the initiative's action plan to strengthen DAEs.

- With the CIF, the GCF has been reviewing potential collaborative processes (including opportunities for funding CIF unfunded CPs) as well as establishing broader inter-programme arrangements. In relation to the new CIF programming areas and the GCF USP, both Secretariats are communicating to coordinate synergic interventions in countries and sectors. A joint publication was released in 2020 on Climate Finance Synergies (Climate Investment Funds and Green Climate Fund, 2020). The secretariats are establishing a Climate Finance Synergies Partnership to provide a forum for learning and knowledge management.

241. In addition, under Pillar 4, there have been annual meetings since 2018 among the identified multilateral climate finance institutions (GCF, GEF, AF, CIF), reflecting decision B.13/12. The heads of the respective organizations collectively discuss opportunities for improved complementarity and coherence, as well as alignment around results, indicators and methodologies.

C. Country and activity level

242. **Annual reporting to the GCF Board sets out efforts to mainstream coherence and complementarity into GCF activities and processes.**[53] Complementary is being supported under Pillar 2 through mainstreaming into GCF operational activities (business models and processes). For example, during 2019–20, the GCF mainstreamed complementarity and coherence into the Operations Manual for the Project and Programme Lifecycle and the Programming Manual. This involves embedding concepts within templates with guidance notes to encourage greater cooperation with other climate finance capacity-building activities as well as encouraging joint financing strategies. In relation to NDC or NAP support processes, efforts involve exploring the use of collaborative support and joint financing. Another major focus has also been on streamlining accreditation processes using mutually recognized standards. For example, 49 of the 99 AEs that have been approved by the Board for accreditation as of 30 September 2020, had undergone the fast track accreditation process as an entity accredited to the GEF, AF or the Directorate General for International Development and Cooperation of the European Commission. There have also been discussions about joint responses to COVID-19, as well as about joint approaches to monitoring, evaluation and knowledge management.

243. **There are ongoing efforts to mainstream complementarity and coherence into GCF policies and processes at the national level.** The GCF operational framework seeks to advance promotion of coherence at the national programming level through CPs, pipeline development and country driven coordination. The Secretariat reports that a number of countries (at least 6) have received direct support to develop complementarity and coherence approaches to programming (GCF/B.27/Inf.12; GCF/B.30/Inf.11/Add.04). The Secretariat also reports that the RPSP has encouraged greater cooperation with other national level climate finance capacity-building facilities as well as encouraging joint financing strategies. In 2019, the EWP guidelines were updated to include guidance on complementarity and coherence. Entities are now reporting their role in the overall climate finance landscape, and whether other climate funds have led to the listed projects/programmes, are being accessed in parallel, or may be accessed in the future.

244. **Multiple examples of GCF projects that appear complementary to (or coherent with) other climate finance projects have been identified.** Secretariat reporting identifies multiple projects that are scaling up existing climate finance initiatives, building on lessons learned from earlier work, mobilizing co-finance from other climate funds, or being implemented in a synergistic way with parallel initiatives (GCF/B.27/Inf.12; GCF/B.30/Inf.11/Add.04). However, it is not clear to what

[53] For example, see GCF/B.20/05; GCF/B.24/Inf.08; GCF/B.27/Inf.12; GCF/B.30/Inf.11/Add.04.

extent these examples have emerged as a result of proactive choices guided by GCF policies, or simply represent business as usual (given the limited universe of institutional partners and project opportunities in many developing country contexts). Evidence is limited for a more structured approach to blending, parallel and sequenced finance as set out in the USP. Where countries have attempted to scale existing programmes through the GCF, they have sometimes faced barriers. For example, the IEU SIDS evaluation (2020) found challenges in SIDS accessing GCF funds to upscale existing pilots (Independent Evaluation Unit, 2020a).

245. **Overall, it is not clear to what extent GCF complementarity processes have resulted in systematic follow through at country level.** The synthesis did not find strong evidence of the transmission mechanism from high level institutional objectives and processes to country level outcomes. For example, the recent IEU LDC evaluation found that no systemic approach to coherence and complementarity could be identified in countries reviewed (Independent Evaluation Unit, 2022a). It concluded that there is a strong need to consider the concepts in national programming, especially the RPSP and PPF. The evaluation called for greater guidance on implementing complementarity and coherence in project origination and appraisal processes, and in collaboration with other bilateral and multilateral support programmes focused on capacity-building. The evidence is weak on whether the GCF's high level objectives and associated mainstreaming approaches (whether in readiness or project appraisal processes) are simply treated as compliance elements in project approval, or whether they are sufficiently robust to drive programming behaviours in a strategic way.

246. **While GCF projects are generally aligned with at least one national policy or plan, the GCF does not appear to have a coherent approach to supporting programmatic implementation and financing of NDCs, NAPs and sector strategies, either within its own portfolio or alongside other partners**. The GCF is committed to "coherence" aligning its efforts with national transformation strategies, investment programmes, targets and ambition. However, it is not clear whether the GCF has particular responsibility for delivering sectoral transformation (e.g. through proactive financing of NDCs, NAPs, and wider sector strategies), which would likely require strong and direct programmatic engagement alongside other partners. The IEU also found that the USP does not recognize opportunities for improved complementarity and coherence around financial needs assessment for relevant policies and strategies (e.g. as elaborated through the UNFCCC needs-based finance project, or SCF reporting under the enhanced transparency framework on country financing needs) and that the USP relies primarily on refocusing GCF country programming as the primary approach to turning national strategies into investment programmes (Independent Evaluation Unit, 2021a).

247. **Finally, the reporting against the Operational Framework shows some loose application in terms of the definition and usage of the terms "complementarity" and "coherence" and the reporting boundaries between the pillars (particularly between 2 and 3).** The concepts of coherence and complementarity have well defined boundaries in the Operational Framework, but they have since been applied more loosely, with the terms sometimes being used interchangeably. There is also a lack of structure in terms of which elements are reported where (particularly pillars 2 and 3). This creates challenges in interpreting progress from the Board reports and assessing the scope and scale of achievements. Also, some sub-elements of the original Operational Framework do not appear to have been reported on consistently over time. Collectively, this suggests some level of uncertainty in boundary definitions, concepts or availability of evidence.

D. Emerging observations for the SPR

248. The GCF has a core mandate to improve complementarity and coherence that is reflected in its strategic documents. As the largest multilateral climate fund and with a broad range of partners, it has legitimacy and potential convening power to drive this agenda, even though it represents only a small fraction of overall climate finance flows. As a result of the broad GCF mandate (geographic and thematic), there is potential for significant duplication or alignment with other climate finance activities, depending on the approach taken. It is not clear whether the GCF has been able to clearly articulate its added value (beyond scale) and strengths relative to the wider climate and development finance landscape. Nonetheless, the GCF has made substantial efforts to align and integrate multilateral climate finance at the institutional level. Nonetheless, efforts have been slower and more limited with other (non-UNFCCC) mechanisms and the private sector.

249. Work is ongoing to mainstream coherence and complementarity into GCF activities and processes, with the aim of influencing AEs and country programming. However, there is limited evidence as to how effective mainstreaming has been as a transmission mechanism, or to what extent it has resulted in better strategic planning, resource allocation or financial structuring at country level. Some examples of GCF projects are identified in annual reporting that appear complementary to (or coherent with) other climate finance projects, but it is not clear whether these have emerged because of strategic planning, or primarily as a result of existing country level ecosystems. In terms of coherence, while GCF projects are generally aligned with at least one national policy or plan, the GCF does not appear to have a coherent approach to supporting programmatic implementation and financing of NDCs, NAPs and sector strategies, either internally or with other partners.

250. Based on a review of progress to date, identification of current challenges and areas of weaker evidence, the following topics might be explored further as part of the SPR:

- **Comparative advantage.** This could include an assessment of whether the GCF should seek to better articulate its comparative advantages – that is, the features or competencies that the GCF might prioritize in terms of its positioning relative to other funds – and how these can be more systematically leveraged. For example, what should the GCF do more or less of in the context of constrained funding? What competencies are better suited to other climate finance institutions and programmes? And relatedly, does the scale and profile of the GCF provide it with the capacity and legitimacy to act as an organizing centre of gravity to drive complementarity and coherence within the multilateral climate finance architecture? What might be the limits on its convening power and ambition at the global and country levels?
- **Institutional engagement beyond climate funds.** The GCF's coordination with dedicated multilateral climate funds is best documented, but many other partners are moving substantial climate finance at the country level. What lessons do existing GCF efforts on coherence and complementarity offer to inform engagement beyond multilateral climate funds to include interactions with other financing institutions (e.g. bilateral donors, MDBs, DFIs) as well as private sector partners? And what cross-institutional efforts are being made in the areas of knowledge and learning at the institutional level?
- **Bridging global/institutional and country/activity levels to drive national paradigm shift.** The synthesis found limited information around the transmission mechanisms (policies and processes under Pillar 2) that could cascade objectives on complementarity and coherence to action at country and project level – suggesting a potential area for further exploration by the SPR. For example, how might these mechanisms be improved to strengthen national collaboration and alignment? How can readiness and preparatory support be better utilized to

this end? And how might more direct engagement and systematic financing of national climate and sector policy objectives (NDC, NAP, sector strategies) be encouraged? How do the complementarity and coherence agendas engage with the country ownership approach? Further, how does the GCF link the mandate on complementarity and coherence to others such as those related to the private sector?

Chapter VIII. CONCLUSIONS

251. This synthesis report is a substantive and interim product of the SPR. As such it serves multiple purposes; in and of itself, this report is a collection of evidence in GCF-1, it will also help inform the methods of the forthcoming SPR Approach Paper by identifying areas for further analytical exploration, and it may also inform the findings and recommendations of the final report of the SPR. Each chapter of this report has identified emerging – but not exclusive – areas that the SPR could add value around the synthesized themes of access, programming, managing for results, impact and paradigm shift, institutional structure and performance, and complementarity and coherence. Those emerging areas point to some potential cross-cutting considerations for the SPR, such as the following:

- **Broader context of the GCF-1 period.** Some common refrains in the synthesis report have related to the large scale shifting of the GCF portfolio into implementation and the COVID-19 pandemic. The SPR should recognize that the GCF-1 period has overlapped almost entirely with the global pandemic that has caused extensive disruption to communities, economies and the delivery of development assistance, and at the same time the GCF has transitioned into a heavy implementation phase, with almost 80 per cent of the portfolio under implementation in 2021. The pandemic has also had implications for governance, with Board meetings held remotely, and for management oversight, with travel largely on hold. The SPR will need to consider GCF performance in this programming period within this broader context.
- **Implications of the USP.** The synthesis report did not focus specifically on assessing progress against the USP; this is the purview of a complementary, parallel IEU product. Still, the synthesis has provided ample evidence that the Secretariat is organizing its work programme and priorities around the USP, while the implications and outcomes of this remain largely unexamined in publicly available documents. Key questions for the SPR could include: How relevant has the USP been in view of the GCF mandate? How has the USP been used? What have been the implications of the programming targets for how the USP has been implemented, to what extent are those targets compatible with each other, and are they aligned with wider strategic direction? And what can be learned for strengthening strategic planning for GCF-2?
- **Issues of strategy.** Throughout the synthesis report, emerging observations for the SPR have related to issues of strategy and goal setting. These include a question of whether the GCF might better define its own "comparative advantage" and "what the Fund is and what it is not" – that is, setting boundaries, in order to (a) provide a more fully formed strategic rationale for its programming and its operational modalities, such as access, country and entity working programming, readiness and preparatory support, SAP, and RFPs; (b) determine its optimal institutional structures, processes, and partner roles ("form follows function"); (c) guide its approach for partnerships and complementarity and coherence at institutional and country levels; and (d) systematically leverage those advantages to increase impact and catalyse finance. Any strategy considerations must be made within the bounds of the GCF mandate.
- **Key systemic issues and adaptive management.** The synthesis report has shown that while the GCF has been able to incorporate some new insights from evaluations and other studies over time, many key perennial issues remain unresolved, including many policy elements. For example, capacity is an issue that runs through the synthesis and previous IEU evaluations, from the capacity of the Board to deliver on its responsibilities, to the Secretariat, to AEs and to

countries. Is there evidence that the readiness programme is helping to strengthen capacity in AEs and countries, and that such strengthened capacity is translating into more impactful pipelines and projects? What more needs to be and can be done to support the Board and Secretariat in meeting their mandates? More broadly, what is the capacity of the GCF as an institution (and its partners) for adaptive governance and management in view of its organizational maturity, learning, evolving country contexts and the rapidly changing climate finance landscape?

- **Evaluability.** Another common theme in the synthesis report – and an important one for designing the methods of the SPR – relates to evaluability. The GCF appears to be in a highly dynamic phase of its organizational development, with nearly all chapters of this report identifying that incremental process improvements are actively under way. This can present a challenge for the SPR in assessing effectiveness and efficiency. One potential implication is that the SPR could better focus its attention on assessing whether the GCF is headed in the right direction of travel and identify a series of strategic pathways, depending on the priorities of the Board, and choose specific topics for more in-depth analysis carefully.

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ANNEXES

Annex 1. LIST OF INTERVIEWEES

Group	Organization	Name
GCF Board members, alternate members and advisers	Ministry for Economy and Digitalization (Spain)	Marta Mulas
	Directorate General of the Treasury (France)	Jean-Christophe Donnellier
		Marine Lannoy
	Ministry of Finance and Cooperate Governance (Antigua and Barbuda)	Nadia Spencer-Henry
		Gail Imhoff-Gordon
	Directorate of Environmental Affairs (Argentina)	Reina Sotillo
	Government of South Africa	Richard Sherman
GCF Secretariat	Division of Mitigation and Adaptation	Kavita Sinha
	Office of the Executive Director	Selina Wrighter
	Office of the Executive Director	Tim Breitbarth

Annex 2. Board decisions on Accreditation

Board decisions, discussions and documents concerning accreditation

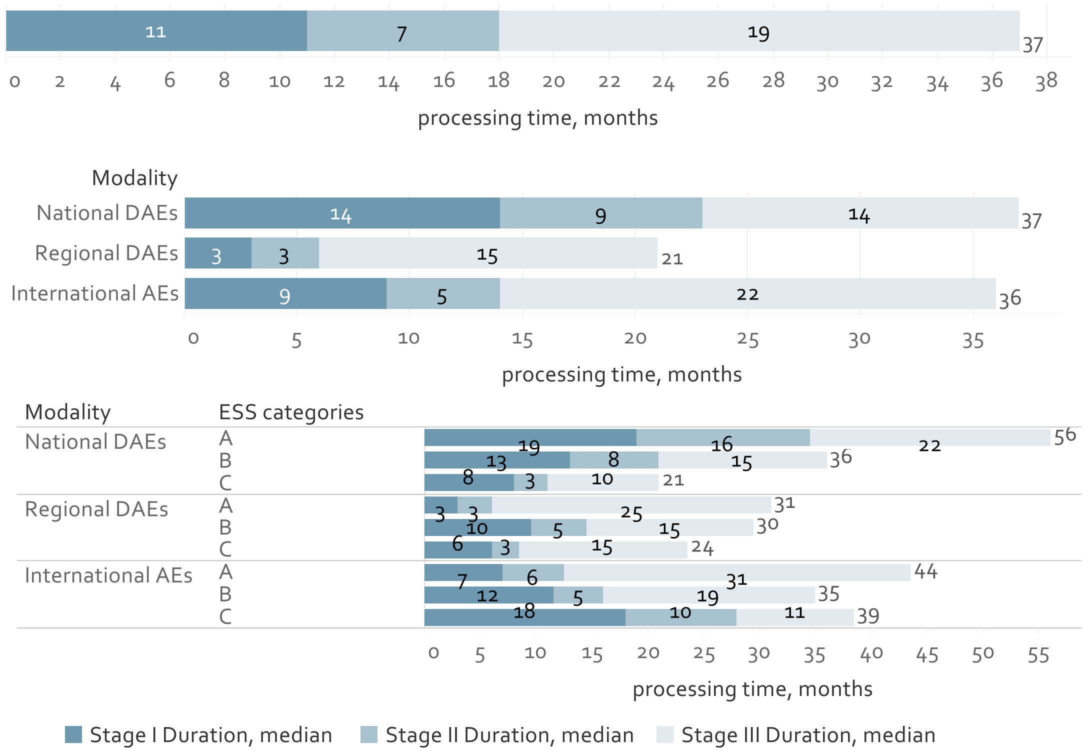
Meetings and Board Decisions	Theme	Comment
Decision B.04/06	Access to funding	Related to GCF/B.04/05 - Business model framework: Access Modalities
Decision B.07/02	Initial guiding framework	Setting the guiding principles for the accreditation process
B.8: Three Board Decisions	B.08/02: Guidelines for fit-for -purpose accreditation approach B.08/03: Fast track Accreditation Programme B.08/06: Applications for accreditation to the GCF	
B.10	The Board requested the Accreditation Committee to prepare, with the support of the Secretariat, an Accreditation Strategy	
Decision B.11/10	Initial monitoring and accountability framework for AEs	
B.14	A draft Accreditation Strategy was discussed (document first submitted as GCF/B.13/12)	
Decision B.14/08	Approval of prioritization of entities	This decision lapsed after B.25
Decision B.18/04	Commence the Review of the Accreditation Framework and for the Secretariat to include other modalities for institutions to work with the Fund	
B.19	Progress report on the Review of the Accreditation Framework (including the PSAA) presented by the Secretariat (GCF/B.19/28)	
B.20	Analysis of the Accreditation Framework and recommendations to improve it submitted by the Secretariat (GCF/B.20/17)	This included the Moore Stephens report
B.21 up to date	Different versions of a UAF have been submitted and discussed by the Board, including a PSAA, the latest version was submitted to B.29, but not opened	The review of the UAF was commenced at B.18 and is not yet adopted by the Board as of B.30
B.23/11, para. (c)	The Board agreed to the principle of a PSAA	

Meetings and Board Decisions	Theme	Comment
B.28	IEU Accreditation Function Synthesis was submitted to the Board, but not opened	The synthesis was discussed during a co-Chair consultation session on 1 March 2021
B.29	The Secretariat DAE Action Plan was submitted to the Board as Annex I of GCF/B.29/Inf.07	

Annex 3. ADDITIONAL PORTFOLIO ANALYSIS

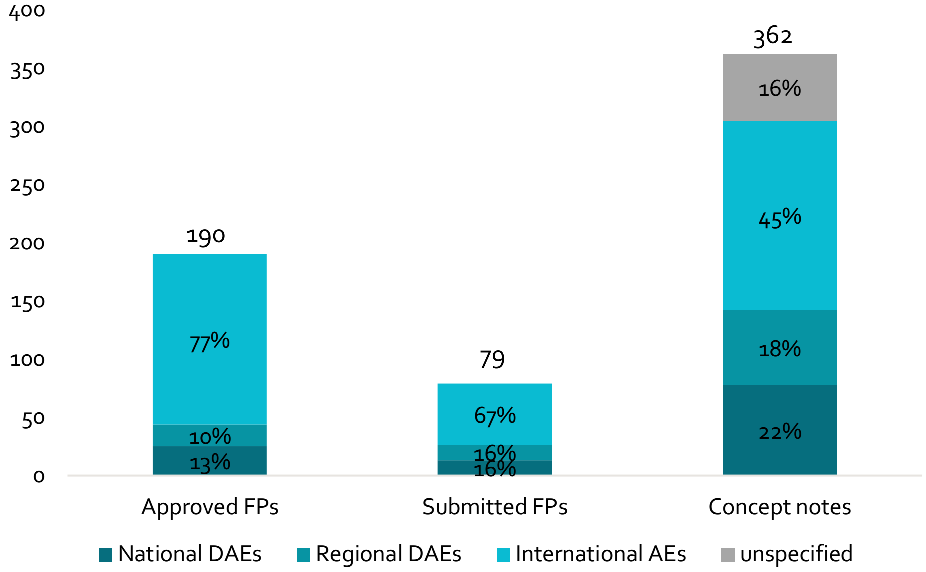
Chapter II

Figure A - 1. Median duration in months for accreditation stages I–III, by entity modality and ESS categories



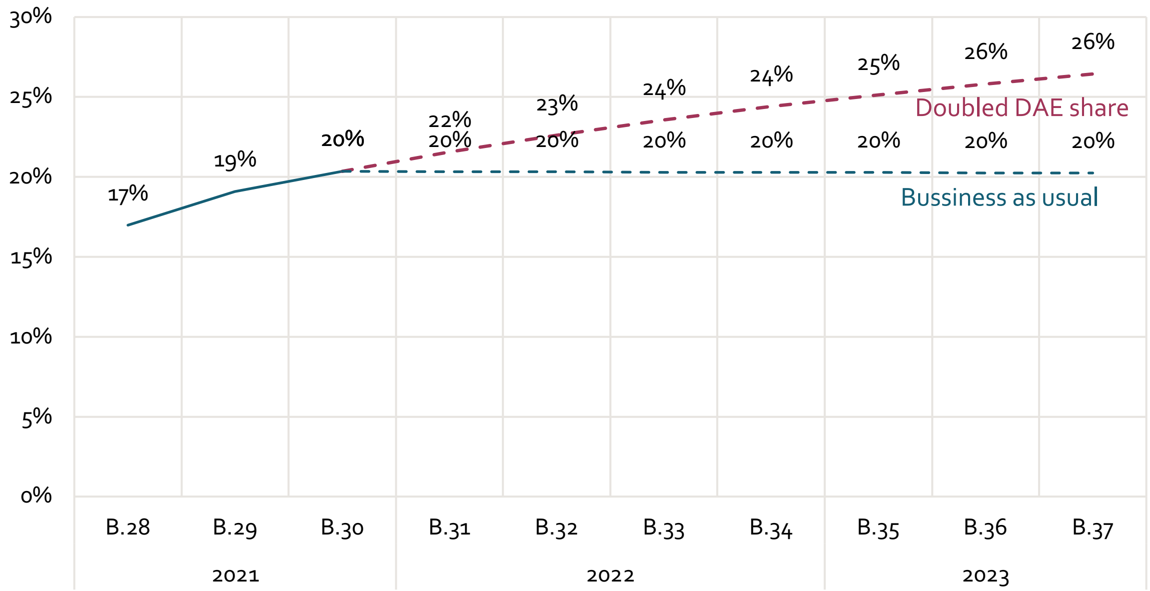
Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.
Note: The duration of each stage is as follows: Stage I – Submission of accreditation application to close of Stage I, Stage II – Close of Stage I to close of Stage II (including Steps 1 and 2), Stage III – Board approval for accreditation to AMA effectiveness

Figure A - 2. Approved FPs, submitted FPs and CNs, for national DAEs, regional DAEs and international AEs



Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.

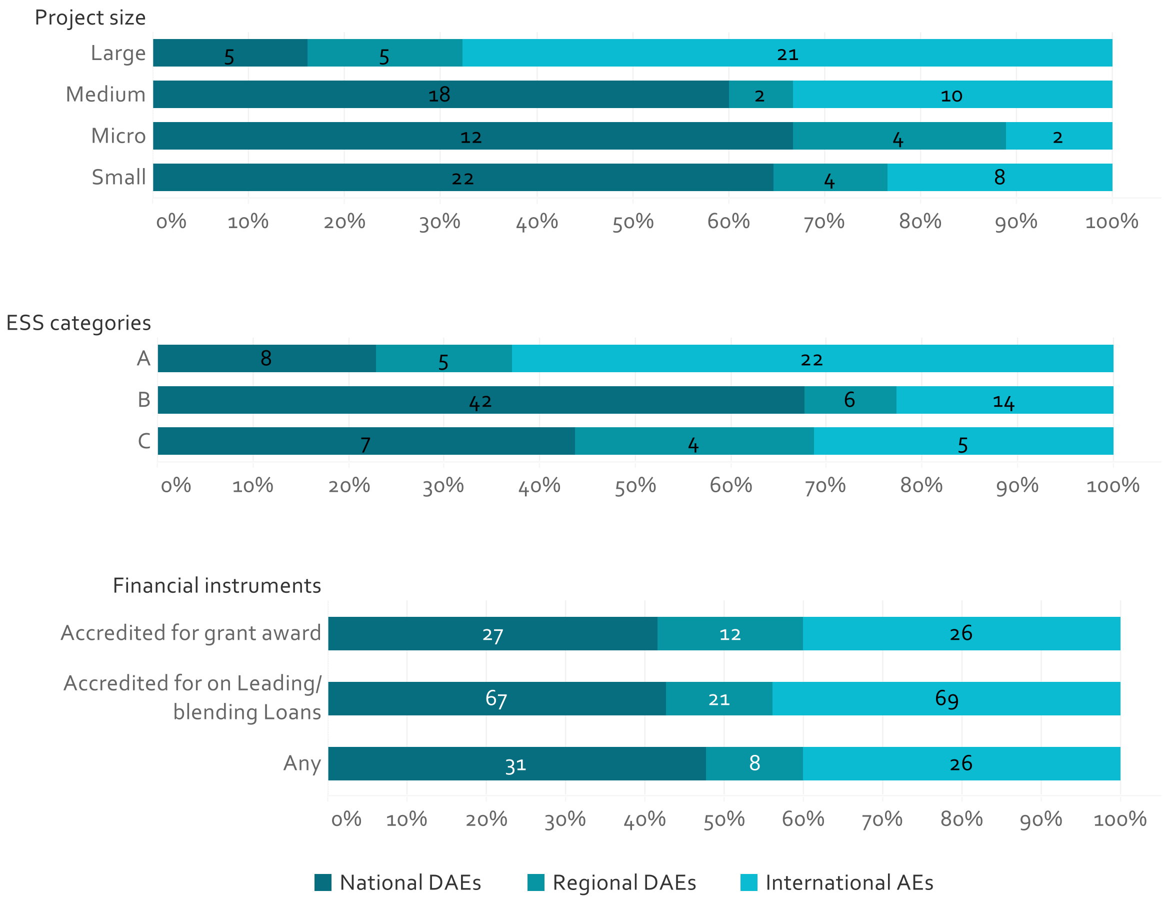
Figure A - 3. Projected share of DAE funding in overall GCF portfolio



Source: Tableau server iPMS data and GCF/B.25/09 (Updated Strategic Plan for the Green Climate Fund 2020-2023), as of B.30 (8 October 2021), analysed by the IEU DataLab.

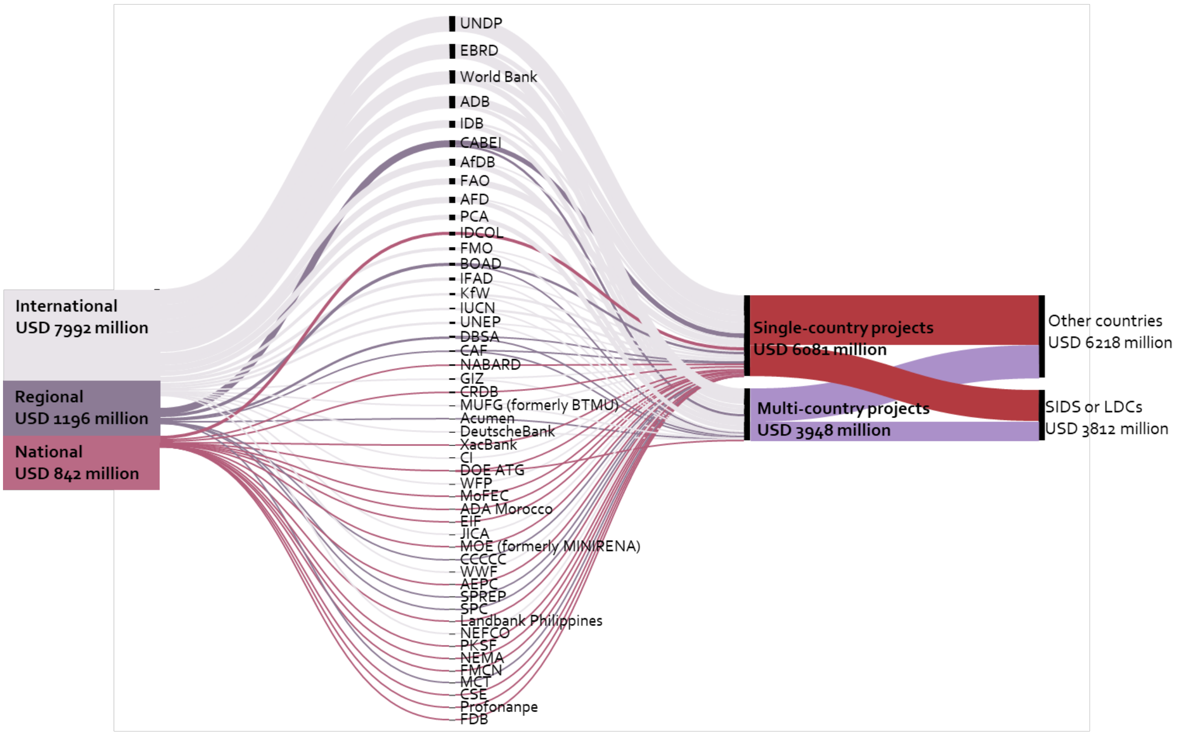
Note: The draft Updated Strategic Plan 2020–2023 provides the following objectives regarding the allocation of GCF resources: (1) Paragraph 28 (a): "Programme 40 per cent of available resources by end 2021 and 95 per cent by end 2023" (2) Paragraph 13 (c) ii: "Double/Significantly increase funding channelled through DAEs relative to the IRM". These two statements are used to draw up assumptions upon which the model's projections are based.

Figure A - 4. National DAEs, regional DAEs and IAEs accredited for project size, risk category



Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.

Figure A - 5. GCF portfolio by AE modality, number of countries (single or multi-country) and targeting



Source: Tableau server iPMS data, as of B.30 (8 October 2021), analysed by the IEU DataLab.

Table A - 1. APR self-reported impacts along fund- level core indicators

	TCO2EQ REDUCED	BENEFICIARIES REACHED		
	# of APRs reported on this indicator	**Amount (tCO2eq)**	**# of APRs reported on this indicator**	**Amount (people)**
IRM (2019)	10	9,607,544	10	6,773,015
GCF-1 (2021)	15	28,321,326	27	22,082,928

Source: Submitted APRs, March 2020. Extraction and analysis by the IEU DataLab.
Note: The data are exclusively extracted from APR self-reported impacts, and these impacts have not been verified or evaluated by the IEU.

Annex 4. METHODOLOGY

Methodological details are provided in the approach paper for the synthesis, available on the website of the IEU. In brief, the methodology for the synthesis involved a number of steps:

- A critical appraisal of the quality, timeliness and usefulness of GCF-1 documents
- A two-stage grounded theory review clustered around key SPR themes as preliminarily formulated in the terms of reference and those further emerging during the early study
- A validation process through selective interviews, data updates and mini literature reviews of discrete topics

The synthesis is not simply summative of IEU evaluations, relevant GCF documents and external global reviews. It also advances the narrative and theory for the SPR by identifying axial themes based on a second grounded theory reading of the thematically coded data. The synthesis identified and appraised the evidence presented in the documents using the two-stage methodological process described below.

1. CRITICAL REVIEW AND APPRAISAL

The information provided in the universe of available documents from GCF-1 was first critically reviewed and appraised based on four screening criteria: 1) relevance/timing; 2) usefulness/sufficiency; 3) reliability/risk of bias; and 4) potential for literature review or benchmarking. By applying these screening criteria initially, the synthesis has been able to take stock and evaluate what is of value from the GCF-1 body of work, and also describe the quality of evidence.

2. GROUNDED THEORY WITH A META-ETHNOGRAPHIC LENS

The synthesis uses the methodological framework of grounded theory[54] – i.e. an approach that aims to produce a theory that is grounded in data through an iterative and inductive process – with a meta-ethnographic lens that considers the GCF institutional context, country context, policies and processes, and institutional relationships and dynamics. The use of grounded theory ensures that data collection, synthesis and theory-building is done in an emergent yet structured way. Each swath of information collected and interpreted informs the next step of the synthesis process. Meta-ethnography is useful for critically reviewing and synthesizing different qualitative studies and documents and the context in which they were conducted. Together, these methods enable the synthesis to produce new interpretations, narratives or theories that go beyond simply aggregating the findings and evidence in the documents reviewed.

3. LIMITATIONS

The study was subject to some limitations and challenges. First, the synthesis is broad in scope and being undertaken through a rapid timeline. Second, the majority of documents reviewed are written with a particular point of view (prepared by the GCF Secretariat) and may not have been ground-truthed, creating potential implications for their quality and reliability. Third, limitations of qualitative research such as external validity and generalizability remain.

[54] See, for example, Strauss and Corbin, *Grounded Theory in Practice* (Sage Publications, 1997).

The synthesis team has taken the following steps to mitigate these limitations and challenges:

- The universe of literature is comprehensive and exhaustive within the GCF, and the synthesis uses a theory-based and iterative process to arrive at the most relevant, reliable and informative documents to be screened for the specific tasks and themes at hand.
- The study has included consultations with experts and other stakeholders to validate emerging findings and discover unseen data and information.
- The study has applied critical appraisal criteria to documents and developed narratives to put emerging findings and conclusions into perspective with regards to their validity and generalizability.
- Reviewers are trained in social sciences methods and are familiar with the GCF. They are IEU personnel or independent consultants with no conflict of interest; a team approach has been applied to reduce individual evaluator bias.
- The IEU is leading the study and is responsible for its substantive content and presentation.

For more details on methodology and limitations, please refer to the approach paper for the SPR Synthesis Study (Independent Evaluation Unit, 2021d).

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