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INDEPENDENT EVALUATION OF THE GREEN CLIMATE FUND'S INVESTMENT FRAMEWORK

Approach paper

July 2023

GREEN CLIMATE FUND
INDEPENDENT EVALUATION UNIT

Independent Evaluation of the Green Climate Fund's Investment Framework

APPROACH PAPER

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ABBREVIATIONS

AE	Accredited entity
COP	Conference of the Parties
CSO	Civil society organization
FP	Funding proposal
GCF	Green Climate Fund
GI	Governing Instrument
IEU	Independent Evaluation Unit
IRM	Initial resource mobilization
iTAP	independent Technical Advisory Panel
LIFE	L'Instrument Financier pour l'Environnement
NDA s	National designated authorities
PSO	Private sector organization
SAP	Simplified approval process
UNFCCC	United Nations Framework Convention on Climate Change

A. INTRODUCTION

The Green Climate Fund (GCF) is an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). It is charged with promoting a paradigm shift towards low-emission and climate-resilient development pathways in developing countries. As described in its Governing Instrument, the GCF is mandated to channel new, additional, adequate and predictable climate finance to developing countries; to catalyse public and private climate finance; to take a country-driven approach; to consider the needs of developing countries particularly vulnerable to the adverse effects of climate change; to balance funding for adaptation and mitigation; and to be a continuously learning institution guided by monitoring and evaluation, among other principles and provisions.

The Independent Evaluation Unit (IEU) of the GCF is mandated by the GCF Board under paragraph 60 of its Governing Instrument to inform GCF decision-making. Specifically, the Governing Instrument states that “the Board will establish an operationally independent evaluation unit as part of the core structure of the Fund.” The IEU is mandated to discharge an accountability function and support a learning function. These functions are central to the GCF being a learning organization as laid out in its Governing Instrument (GI).

During the thirty-fourth meeting of the GCF Board, the 2023 IEU workplan¹ was approved, which includes an Independent Evaluation of the GCF’s Investment Framework. The evaluation will broadly assess the relevance and effectiveness of the GCF’s investment framework in fulfilling the GCF’s mandate and strategic goals. It will consider all relevant policies, tools, frameworks, and processes that come into play to enable the GCF to identify high-quality climate change projects and make investment decisions.

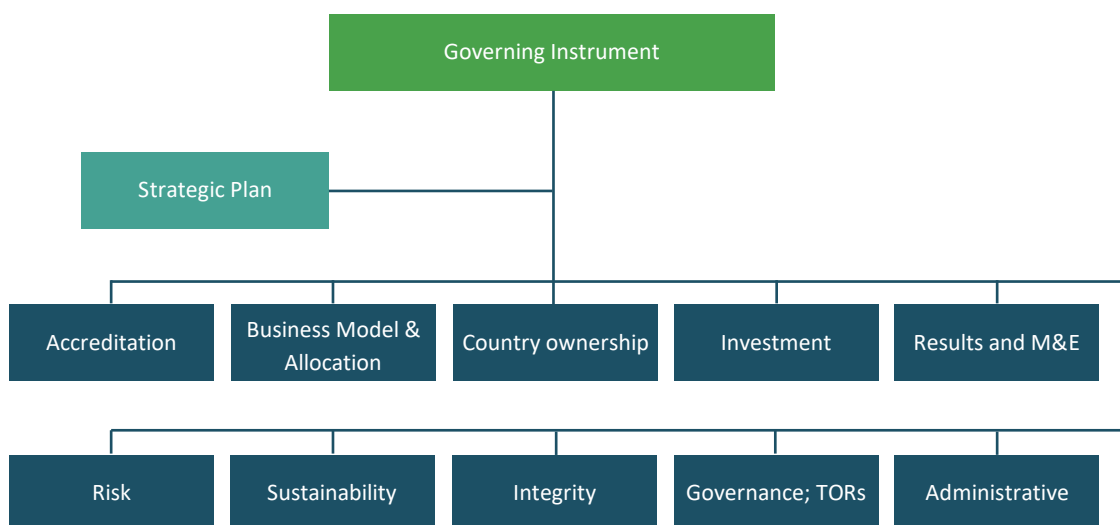
The approach paper outlines the evaluation’s background, methods and approaches. It includes the evaluation’s questions, timelines and deliverables. It also describes the evaluation team’s structure and responsibilities.

1. INVESTMENT FRAMEWORK IN THE GREEN CLIMATE FUND

The GI is operationalized by the policies, guidelines and strategies approved by the GCF Board. The GCF classifies its policies into 10 broader domains or frameworks that influence the Fund’s operations, as shown in Figure A - 1. The Board-approved evaluation will assess the relevance and effectiveness of the investment framework and its alignment with other GCF policies and strategies.

¹ Independent Evaluation Unit, *Workplan and budget and update of its three-year rolling workplan and objectives* (Songdo, South Korea, 2023). Available at <https://ieu.greenclimate.fund/sites/default/files/document/ieu-work-plan-budget-2023.pdf>.

Figure A - 1. Landscape of GCF investment policies



Source: Green Climate Fund, About us/Governance/Policies and strategies/Overview/Policy map. Available at <https://www.greenclimate.fund/about/policies>.

The Board adopted the GCF's investment framework, as indicated in annex XIV to decision B.07/06, paragraph (a). The Board updated the framework with decision B.27/06, paragraph (k) to reflect the GCF's first replenishment allocation parameters and portfolio targets.

The GCF's investment framework² seeks to translate the overall objectives into clear guidelines for investment decisions. The framework comprises policies, strategies, targets and criteria to inform the design, assessment and approval of GCF funding decisions.

Table A - 1. Relevant Board decisions concerning the investment framework as of B.35

Decision B.07/06 (a): Applicable up to B.27	Initial investment framework
Decision B.08/10	Country ownership: Best-practice options for country coordination and multi-stakeholder engagement
Decision B.09/05 (b)	Initial investment framework: Activity-specific subcriteria and indicative assessment factors
Decision B.22/15 (a)	Matters related to the approval of funding proposals: Investment criteria indicators A one-year pilot for investment criteria indicators
Decision B.24/14	Review of the initial investment framework: policy on co-financing
Decision B.27/06 (k); applicable from B.27 onwards	Update of the Initial investment framework decision
Decision B.33/12	Principles for demonstrating the impact potential of GCF-supported activities

² Green Climate Fund, Access funding (n.d.). Available at <https://www.greenclimate.fund/projects/investment-framework>.

2. INVESTMENT POLICIES

The Board-approved initial set of GCF investment policies covers all grants, concessional loans and other financial instruments, as outlined in Table A - 2.

Table A - 2. GCF's investment policies^a

Paradigm shift	GCF will finance projects/programmes that demonstrate the maximum potential for a paradigm shift towards low-carbon and climate-resilient sustainable development.
Grant-equivalent accounting	Funding received and extended by GCF will be accounted for in grant-equivalent terms based on a standard methodology to be developed by the GCF based on best international practices to compare funding amounts between financial instruments accurately.
Minimum concessional funding	GCF will provide the minimum concessional funding necessary to make a project/programme viable. Concessional funding is funding with below-market terms and conditions. Consistent with the GCF's GI, the minimum amount of concessional funding needed can be up to and include the total cost of the project/programme.
Blending	Intermediaries receiving GCF financing may blend the funds with their own financial resources.
Crowding out other financing sources	GCF will not "crowd out" potential financing from other public and private sources.
Revenues	The GCF's loans will only support revenue-generating activities that are financially sound.

Note: ^a referred to in Decision B.27/06, para. (k)

3. INVESTMENT STRATEGY AND PORTFOLIO TARGETS

The GCF's investment strategy includes portfolio targets and investment guidelines. In 2020, the GCF Board agreed on updated portfolio targets and allocation parameters to guide investments for the GCF's first replenishment programming period (GCF-1; 2020-2023). Table A - 3 contains the portfolio targets for the GCF's first replenishment period (GCF-1).

Table A - 3. GCF-1 allocation parameters and targets

GCF-1 ALLOCATION PARAMETERS	GCF-1 PORTFOLIO TARGETS	CURRENT STATUS AS OF B.35
Balance between mitigation and adaptation and portfolio impact	50/50 (over time) while seeking to deliver portfolio-level mitigation and adaptation outcomes that exceed average initial resource mobilization (IRM) outcomes.	Adaptation: mitigation 50:50 in GE 40:60 in nominal 350 tCO ₂ eq reduced million for USD billion in mitigation (nominal) 189 million total beneficiaries for USD billion in adaptation

GCF-1 ALLOCATION PARAMETERS	GCF-1 PORTFOLIO TARGETS	CURRENT STATUS AS OF B.35				
Adaptation allocation for vulnerable countries (including least developed countries, small island developing states, and African states), taking into account their urgent and immediate needs	A floor of 50% of adaptation allocation while aiming to build on IRM outcomes	74% of adaptation allocation in GE				
Supporting developing country mitigation activities	Support mitigation activities that contribute to respond to the urgency of action to hold the increase in global average temperature to well below 2 °C and pursue efforts to limit it to 1.5 °C	No quantitative measure				
Geographic balance	Appropriate geographical balance		Asia-Pacific	Africa	LAC	EE
		% of finance in GE	34	35	3	28
Funding channelled through direct access entities	Significantly increase relative to the IRM	17% of approved finance in GE				
Engagement with the private sector	Maximize fund-wide engagement with the private sector, including micro, small and medium-sized enterprises, ensuring the allocation to the Private Sector Facility exceeds 20%	35% of approved finance in nominal 17% of approved finance in GE				
Mobilized private sector finance at the portfolio level	Significantly increase relative to the IRM	A method for calculating mobilized private sector finance is not yet available. Co-finance ratio is 3.4: 1 based on approved finance (not realized private sector finance)				
Readiness and preparatory support	Sufficient support for readiness and preparatory activities associated with the above	No quantitative measure				

Source: Tableau server iPMS data as of B.35 (20 March 2023), analysed by IEU DataLab. Further details are in the GCF's updated Initial Investment Framework, available at www.greenclimate.fund/document/initial-investment-framework.

4. INVESTMENT GUIDELINES

The GCF's initial investment guidelines are activity-based, comprising six criteria and 24 accompanying sub-criteria. These guide GCF stakeholders in developing, assessing and approving projects. The criteria and indicators promote consistency and transparency in funding proposals (FPs) and efficiency in assessment process. The GCF's Accredited Entities (AEs) use these

indicators to enhance their FPs quality. Table A - 4 shows the GCF's six investment criteria. The coverage areas for each criterion are in the GCF's Initial Investment Framework.

Table A - 4. GCF's six investment criteria (for assessing programme/project proposals)

CRITERION	DEFINITION	NO. OF SUB-CRITERIA	NO. OF INDICATORS*
Impact potential	Potential of the programme/project to contribute to achieving the GCF's objectives and results areas	2	2
Paradigm shift potential	Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment	8	6 (2 sub-criteria do not have indicators)
Sustainable development potential	Wider benefits and priorities, such as environmental, social and economic co-benefits and gender-sensitive development impact	4	4
Needs of the recipient	Vulnerability and financing needs of the beneficiary country and population	5	4 (2 sub-criteria do not have indicators)
Country ownership	Beneficiary country ownership of and capacity to implement a funded project/programme (policies, climate strategies and institutions)	4	7
Efficiency and effectiveness	Economic and, if appropriate, financial soundness of the programme/project	6	8 (1 sub-criterion does not have indicators)

Note: * In five cases, a sub-criterion has more than one indicator.

The scoring system is based on two components: (i) sub-indicators that can be assessed on a scale from 1 to 5; and (ii) weights of every sub-criterion under selected project circumstances. Project score is assessed against a comparable sample using quintile-based approach.³

Benchmarking for the assessment of FPs considers two sets of indicators:

- Country-level assessment:
 - Historical country-level greenhouse gas emissions
 - Population
 - Human Development Index
 - Inequality-linked Human Development Index
 - University of Notre Dame Global Adaptation Initiative (ND-GAIN)
- Project-level assessment:
 - This assessment compares a given project proposal to a portfolio of comparable projects/programmes from a sample of 657 approved projects from six funds – the GCF, the Global Environment Facility, the Clean Technology Fund, the Scaling Up Renewable

³ Green Climate Fund, *Annex I: Investment criteria scorecard tool* (Songdo, South Korea, 2022). Available at <https://www.greenclimate.fund/document/investment-criteria-scorecard-tool>.

Energy in Low Income Countries Programme, the Forest Investment Programme and the Pilot Programme for Climate Resilience.⁴

5. OTHER GCF POLICIES

From the evaluation team's perspective, other GCF policies and decisions of the Board may be relevant to the investment framework, as indicated in Table A - 5.

Table A - 5. Board documents and decisions linked to the investment framework as of B.35

Decision B.10/04	Additional modalities that further enhance direct access: Terms of Reference for a pilot phase
Decision B.10/11	Recommendations from the Private Sector Advisory Group to the Board of the Green Climate Fund Establishment of a pilot programme to support micro-, small-, and medium-sized enterprises and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation
Decision B.18/03	Workplan of the Board for 2018: Options for GCF support for collaborative research and development in developing countries Development for consideration by the Board at its twentieth meeting the terms of reference for a request for proposals to support climate technology incubators and accelerators
No decision Information item B.25/Inf.07/Add.03	Development of sector guidance and consultation process
No decision Action item B.25/08	Policy on programmatic approaches
No decision Information item B.29/Inf.10	Policy on incremental cost and full cost methodologies
No decision Item B.29/Inf.11	Policy on concessionality
Decision B.32/05	Update of the simplified approval process
Decision B.35/12	Guidance from the twenty-seventh session of the Conference of the Parties Preparation for the Board's consideration and approval a proposal on the financing of results-based payments for REDD+, building on the outcomes of the pilot phase

⁴ 95 projects from the GCF portfolio, 401 from the Global Environment Facility, 60 from the Clean Technology Fund, 39 from the Scaling Up Renewable Energy in Low Income Countries Programme, 29 from the Forest Investment Programme, and 33 from the Pilot Programme for Climate Resilience.

B. OBJECTIVES AND SCOPE OF EVALUATION

1. OBJECTIVES AND GENERAL SCOPE

The evaluation's objective is to provide evidence and recommendations that strengthen the effectiveness of the investment framework and its accompanying tools, criteria and guidelines in fulfilling the GCF's strategic goals, targets and mandate. The GCF's mandate, goals and targets are stipulated in the GI,⁵ in the GCF's Strategy⁶ and other decisions by the GCF Board and the Conference of the Parties to UNFCCC. The evaluation will examine the framework's relevance, effectiveness, efficiency, impact, sustainability, and coherence. The evaluation will also analyse the framework's contribution to promoting flexibility, innovation, replication, risk management and scalability of best practices across its portfolios and climate change projects.

Specifically, the team will collect, analyse, and generate evaluative evidence, insights and learning that respond to the evaluation's questions.

2. EVALUATION QUESTIONS

Relevance

- 1) To what extent does the investment framework align with the objectives of the UNFCCC and the Paris Agreement?
- 2) Do the investment framework's targeted areas and sectors align with the country's Nationally Determined Contributions (NDCs) and climate action plans?
- 3) To what extent does the investment framework align with the guidance provided by the Conference of the Parties (COP) and the GCF Board?
- 4) How is the GCF approach to investment articulated, including the GCF investment framework?
- 5) How relevant and suitable is the investment framework to the mandate of the GCF?
- 6) How relevant is it to the needs and priorities of the developing countries in addressing and preventing the climate change impacts?
- 7) To what extent does the GCF investment framework allow prioritizing various goals, such as private sector mobilization targets, co-finance ratio, support to direct access entities, etc.?

Effectiveness

- 1) Are the investment framework's policies, strategies, targets and criteria internally consistent?
- 2) How effectively does the investment framework align with relevant GCF policies?
- 3) How effectively has the GCF established the investment framework?
- 4) How effectively does the investment framework support the GCF in delivering its mandate?
- 5) How effectively does the investment framework generate and guide GCF investments?
- 6) How effectively does the investment framework assist the Secretariat in targeting and prioritizing FPs for Board approval?
- 7) How effectively does the framework equally review projects and programmes?

⁵ Green Climate Fund, *Governing Instrument* (2011). Available at <https://www.greenclimate.fund/sites/default/files/document/governing-instrument.pdf>.

⁶ Green Climate Fund, *Updated Strategic Plan for the Green Climate Fund: 2020-2023* (2020). Available at <https://www.greenclimate.fund/sites/default/files/document/updated-strategic-plan-green-climate-fund-2020-2023.pdf>.

- 8) How effectively does the investment framework assist the independent Technical Advisory Panel (iTAP) in reviewing, targeting and prioritizing FPs for Board approval?
- 9) How effectively does the investment framework assist the Board in assessing and approving FPs?
- 10) How effectively have the six investment and additional criteria, such as climate rationale, contributed to the project appraisal process?
- 11) What are the other factors of effectiveness of the GCF investment framework?
- 12) How effective is the investment framework compared to similar frameworks in other relevant organizations?

Efficiency

- 1) How efficiently does the investment framework use its financial resources, including administrative and transaction costs?
- 2) How effective is the GCF in ensuring the transparency, accountability and effectiveness of its governance and investment decision-making processes?

Impact and sustainability

- 1) What is the investment framework's level of impact in reducing greenhouse gas emissions and building resilience in vulnerable communities?
- 2) To what extent does the investment framework support the delivery of expected impact in the countries?
- 3) To what extent does the investment framework support the GCF in fulfilling its social, environmental, and economic goals?
- 4) To what extent does the investment framework support the delivery of a paradigm shift?
- 5) How well do the GCF's impacts align with the investment framework?
- 6) How sustainably can GCF-funded projects and programmes deliver long-term impact and contribute to sustainable development?

Coherence and complementarity

- 1) To what extent does the investment framework enable coherence and complementarity with the portfolios of the operating entities of the financial mechanism of the UNFCCC?
- 2) In what ways is the GCF's approach to investments, risks and compliance consistent with comparable climate funds and institutions?
- 3) To what extent does the investment framework support coherence and complementarity at the country level?
- 4) How well does the GCF's investment framework integrate and align with national and regional climate strategies and plans, including through the GCF's country and entity work programmes?
- 5) How is the investment framework complemented by the investment-related policies, targets, tools and monitoring activities within the GCF but outside the framework's formal definition?

Replication and scalability

- 1) How are the GCF's investments supporting the replication and scale-up of climate projects and best practices?
- 2) To what extent can the investment framework be replicated and scaled up in other developing countries and regions?
- 3) What are some examples of GCF projects where replication and scaling-up occurred, as set out in the FP submitted?

Innovation and risk

- 1) How does the GCF apply the investment framework across the diversity of its portfolio, including various funding modalities such as the simplified approval process (SAP), request for proposals, project-specific accreditation approach, etc. and investments that operate under complexity?
- 2) Does the GCF's investment approach encourage taking on more innovative and risk-taking projects and activities? Has the GCF made any innovations?
- 3) How transformational are the GCF's projects?

Table A - 6 presents how key GCF stakeholders will benefit from the knowledge produced by this evaluation.

Table A - 6. Key stakeholder groups for the evaluation

Key stakeholder groups	COP
	GCF Board
	GCF Secretariat
	GCF partners/stakeholders, including AEs, executive entities, national designated authorities (NDAs), etc.
	GCF beneficiaries
	External partners of the IEU (other evaluation offices)

C. KEY METHODS

The evaluation will use a mixed methods approach, incorporating qualitative and quantitative methods and data to inform its evidence-based findings, conclusions, and recommendations. The team will use an evaluation matrix to guide the collection of data and information. It will triangulate, verify and validate all data to ensure it is reliable and usable for analysis, either as a general statement at the GCF level or as a statement about a particular case for a programme, country or stakeholder. The data validation process will enable the team to identify and document the strength of the evidence and confirm that its findings, recommendations, and conclusions are sound. The deployment of methods will be based on initial stakeholder mapping and sampling. Stakeholders will include GCF staff, NDAs, focal points, AE staff, delivery partners, in-country stakeholders, civil society organizations (CSOs), government officials and peer institutions that fund climate adaptation and mitigation projects. Specific methods include document review, policy analysis, literature review, quantitative data analysis, landscape analysis and benchmarking, stakeholder consultation, key informant interviews and surveys.

1. DESK-BASED REVIEW

The evaluation will involve collecting, analysing and synthesizing already available internal and external data, information, and evidence to respond to the evaluation questions and inform the subsequent stages of the primary data collection. The process will first undertake a detailed review of all the GCF's internal documents, such as strategies, policies, frameworks, Board decisions, guidelines, tools, dashboards, and the project database. Next, it will objectively review relevant

external information, such as UNFCCC documents and related policy guidance, investment frameworks/approaches of other related investment funds, national climate change policies and strategies, etc. The evaluation team will organize the findings to: (i) provide preliminary analysis and insights on some of the evaluation questions, particularly questions related to the relevance, efficiency, cohesion, and complementarities of the investment framework, (ii) inform the subsequent stages, including the primary data collection and evaluation stages, and (iii) produce specific deliverables such as a comparative study on investment frameworks/approaches in climate change and other related sectors.

a. Document review

The evaluation will review and analyse the GCF's internal strategies, policies, frameworks, and operational guidelines to assess the relevance and effectiveness of its investment framework. The team will use the GCF's strategies, policies, Board decisions and country-level climate change plans to assess and establish the internal cohesion of the investment framework. It will review other documents to assess the framework's effectiveness in translating strategic priorities into climate change mitigation and adaptation actions/interventions that correspond to the needs and priorities of developing countries, including their NDCs and climate change strategies and plans.

Table 7 enumerates the initial documents the team will examine as part of the document review.

Table A - 7. Initial type/list of documents for review

TYPE/ LIST OF DOCUMENTS	RELEVANT EVALUATION QUESTIONS
GCF strategy and policy documents	Relevance
UNFCCC COP decisions and guidance to the GCF and Board responses to such guidance	Alignment of the investment framework with the objectives of the UNFCCC and the Paris Agreement.
GCF GI	
GCF Updated Strategic Plan, including GCF's private sector strategy, guidance on adaptation, accreditation strategy, etc.	Alignment of investment framework with the guidance provided by the COP and the GCF Board.
GCF Board decisions, including minutes/reports of the Board meetings and action tracker	Relevance and suitability of the investment framework to the mandate of the GCF.
Adopted and drafted GCF policy documents such as the policy on programmatic approaches (proposed to the Board), the policy on concessionality (proposed to the Board), the policy on incremental cost and full cost methodologies (proposed to the Board) and the policy on co-financing (adopted by the Board)	
GCF Programming Manual	
GCF Investment Framework, and related strategies, operational documents and guidelines	Relevance and effectiveness
GCF Investment Framework, including related guidelines for design, assessment/ appraisal, and approval of FPs	The investment framework and articulation of the GCF's approach to investment.
GCF investment criteria indicators	The investment framework and prioritization of various goals.
GCF investment criteria scorecard	

TYPE/ LIST OF DOCUMENTS	RELEVANT EVALUATION QUESTIONS
GCF logical framework, integrated results management framework, monitoring and accountability framework	The investment framework as an effective iTAP tool for targeting, reviewing and prioritizing FPs for Board approval. The investment framework's relevance to the needs and priorities of the developing countries (sectors/areas). Consistency across the investment framework and its alignment with other relevant policies of the GCF.
GCF's sectoral guidance relating to investments	
GCF investment risk policy, risk management framework and related guidelines and tools	
Terms of reference – GCF Investment Committee	
Country-level corresponding documents (sampled countries – two each from least developed countries, African States and small island developing states)	Relevance
Country-level documentation for specific case countries, such as NDCs, national adaptation plans, climate change policies and strategies, and relevant documents for climate projects funded by multilateral and bilateral agencies	Alignment of the investment framework (sectors/areas) with NDCs and countries' climate action plans, needs and priorities.
GCF reports, including progress reports, evaluation reports, analytical and technical papers, etc.	Effectiveness
GCF Secretariat administrative/operational documents, reviews, reports and evaluation reports of implemented projects and programmes, FPs	The investment framework's contribution to the GCF fulfilling its mandate.

b. Literature review and landscape analysis of investment frameworks/ approaches

The team will extensively review the literature, covering grey literature and analysing the investment frameworks and approaches other relevant organizations are using or introducing. The aim is to benchmark the GCF investment approach with relevant organizations and best international climate investment practices. The evaluation expects to undertake a comparative analysis of the GCF investment approach with funding strategies and mechanisms of comparators, including the Global Environment Facility, the Adaptation Fund, the Climate Investment Funds, the European Union's LIFE Programme⁷ and the Forest Investment Program. The analysis will provide a comparative study of various investment frameworks, highlighting their unique features and strengths. In addition to analysing how the GCF's approach to investments compares to that of similar climate funds and institutions regarding coherence and complementarity, the study will identify interesting differentiating factors and standard practices in other investment frameworks for further exploration if they have the potential for adding value.

Table A - 8 enumerates the initial key documents the team will review to inform evaluation findings and provide a landscape/comparative analysis of relevant investment frameworks.

⁷ LIFE is an acronym for the French term, L'Instrument Financier pour l'Environnement.

Table A - 8. Type and list of documents for literature review and landscape analysis

TYPE/ LIST OF DOCUMENTS	RELEVANT EVALUATION QUESTIONS
Literature review, including published academic, technical and policy papers.	Coherence and complementarity GCF's approach to investments, risks and compliance compared to other climate change related funds and institutions.
Review and comparative analysis of investment frameworks used by other relevant organizations, including the Global Environment Facility, the Adaptation Fund, the Climate Investment Funds, the European Union LIFE Programme and the Forest Investment Program.	

c. Secondary data analysis

This analysis will examine the secondary, quantitative data that the GCF Secretariat divisions generate during the design, appraisal and approval of FPs and the implementation, monitoring and reporting of projects funded under the investment framework. The team will examine the data using tabular analysis, heatmap analysis and correlations to draw conclusions on the investment framework's:

- relevance – its prioritization of GCF strategic objectives.
- effectiveness – its contribution to the GCF fulfilling its mandate to promote the paradigm shift towards low-emission and climate-resilient development pathways.
- impact – its role in reducing greenhouse gas emissions and building resilience in vulnerable communities.

The quantitative data analysis of the investment framework will be structured around the areas detailed in Table A - 9.

Table A - 9. List of secondary data sources for analysis

TYPE/ LIST OF DOCUMENTS	RELEVANT EVALUATION DIMENSIONS/QUESTIONS (RELEVANCE, EFFECTIVENESS)
Country scorecards/eligibility	Relevance: Is the investment framework enabling the prioritizing of goals? Effectiveness: Is the investment framework enabling the GCF to fulfil its mandate? Impact: How does the investment framework assist the GCF to achieve impact in reducing greenhouse gas emissions and building resilience in vulnerable communities?
FPs (microdata)	
Dashboard (microdata)	
Progress against GCF's investment strategy and portfolio targets	
Progress against indicators/integrated results management frameworks	

2. PRIMARY DATA COLLECTION

a. Online survey

The team will conduct an online survey to collect responses from GCF partners/stakeholders, including AEs, NDAs and GCF accredited observers, to obtain a comprehensive and quantified picture of different stakeholders' experiences and opinions regarding the relevance, coherence,

effectiveness, innovativeness, impact and sustainability of the investment framework. The questionnaire design will follow these principles:

- Simplicity – asking a maximum of 20 questions requiring 30 minutes or less to answer.
- Flexibility – using an online survey that recipients can respond to within three weeks of receiving an invitation to reply.
- Customization – translating questions into at least two languages, including English and French and additional languages if necessary to improve the survey’s coverage and response rate.
- Standardization – applying the 5-point Likert scale to standardize responses, with 5 being “highly agree” and 1 “strongly disagree”.
- Representation – identifying three broad categories of respondents, AEs, NDAs, and active observers, as listed in Table A - 10
- Expressions – providing additional space for respondents to elaborate on experiences and opinions.

The evaluation team will pilot the questionnaire before its formal launch to ensure it is comprehensible, logical, and completable in the estimated time.

Table A - 10. Respondent categories for the online survey

RESPONDENTS	TOTAL NUMBER	CATEGORIZATION
AEs ⁸ – are GCF partners who implement projects	72 (accreditation process completed)	Size and scale: Micro (16%), Small (28%), Medium (28%) and Large (28%) Coverage: National (51%), Regional (11%) and International (38%)
NDAs – are government institutions that serve as the interface between each country and the Fund	148 (countries that have designated an NDA/FP)	Regional: Asia-Pacific, Africa, Latin America and the Caribbean, Eastern Europe
Accredited observers ⁹ – are stakeholders authorized to participate in GCF Board meetings	475 (active observers)	Categorization by affiliation: CSOs (311), PSOs (88), international entities (76)
Total entities	695	

Table A - 11. Provisional survey questions

SURVEY QUESTIONS
Relevance
The investment areas and sectors targeted by the GCF's investment framework are aligned with countries' NDCs and climate action plans.
The overall GCF's approach to investment is well articulated.
The GCF investment framework particularly is well articulated.
Coherence and complementarity

⁸ AEs can be private or public, non-governmental, subnational, national, regional or international.

⁹ Accredited observers include representatives from accredited CSOs and accredited PSOs.

SURVEY QUESTIONS
The GCF investment framework has supported coherence and complementarity at the country level.
The GCF's investment framework is integrated and aligned with national and regional climate strategies and plans.
Effectiveness
The GCF's investment framework is more effective compared to the frameworks used by similar organizations in its contribution to the level of climate change mitigation and adaptation efforts in your countries of operation.
Efficiency
The GCF is effective in ensuring the transparency, accountability and effectiveness of its governance and decision-making processes.
Impact and sustainability
The GCF's investment framework is achieving impact in reducing greenhouse gas emissions and building resilience in vulnerable communities in the context/country(ies) of operation.
The GCF's framework contributes to supporting the social, environmental, and economic performance of the country(ies) you work with.
The GCF investment framework supports the delivery of a paradigm shift.
The climate mitigation and adaptation impacts in your country(ies) of operation are aligned with the GCF's investment framework.
The GCF-financed projects and programmes in beneficiary country(ies) contribute towards the long-term impact and sustainable development.
Replication and scalability
The GCF's investments support the replication and scaling-up of climate projects and best practices based on my experience.
Innovation and risk
The GCF's investment approach provides flexibility for taking on more innovative and risk-taking projects and activities based on my experience.

Note: The survey will use a 5-point Likert scale and will provide the option for explanations/remarks.

b. Key informant interviews

The team will develop semi-structured question protocols to guide the evaluation's interviews. The protocols will be customized according to the stakeholder type and iteratively tested and improved. Videoconferencing (or audio for informants with bandwidth limitations) will be the primary interview mode, using platforms such as Microsoft Teams, Zoom, Skype or WhatsApp. During interviews, team members will follow the ethical standards in the evaluation ethics section. Interviewers will write or type detailed notes during the interviews. These notes will be anonymized in accordance with standard evaluation ethics and coded in Dedoose for qualitative analysis. The interview notes will be organized into the broad categories of the key informant interview protocols and evaluation matrix. The team will primarily use qualitative methods of content and pattern analysis to analyse interview data. The interview scripts will be coded to identify the aggregate and specific patterns and themes. The evaluation will gather the coded interview excerpts and summarize the responses to determine interview-based findings that will be triangulated with other evidence to identify key evaluation findings.

To ensure an objective and in-depth response, the team will follow these principles during the design and conduct of key informant interviews:

- Approach – Use semi-structured interviews with open-ended questions, avoiding biases or negative impressions.
- Respondents – Select appropriate questions for each category of respondents based on their designation, mandate, authority, and functions.
- Analytical Questions – Ask analytical questions regarding the investment framework and other related strategies, policies, framework and guidelines and avoid cross-examining or asking loaded questions.
- Validation – Ask questions that encourage the key informants to share policy perspectives, experiences, examples and insights.
- Flexibility – Ensure adequate time for the respondents to respond.

Table A - 12. List of key informants (as respondents) for in-depth interviews

RESPONDENT GROUP	NUMBER OF RESPONDENTS (INDICATIVE)
GCF internal – key informants	25
GCF Board members, alternates and advisers	2
Board committees, especially the investment committee	2
iTAP	2
Secretariat: Office of the Executive Director (mainly the Executive Director, the Deputy Executive Director, the Chief Financial Officer, the Head of Policy and Strategy, and the Head of Office of Risk Management and Compliance, with executive and administrative authority and functions on all GCF strategies, policies, frameworks, guidelines)	3
Secretariat: Division of Portfolio Management	4
Secretariat: Division of Mitigation and Adaptation	2
Secretariat: Division of Private Sector Facility, particularly on PAP/SAP/EDA/REDD+/PSAA, ¹⁰ etc.	4
Secretariat: Office of Governance Affairs	2
Secretariat: Office of Sustainability and Inclusion	1
Secretariat: Accreditation team	2
Secretariat: Division for External Affairs	1
External stakeholders – key informants	15
AEs partner with GCF to implement projects	5
NDAs, government institutions providing the interface between each country and the GCF	5
Executing entities, including CSOs, PSOs implementing climate change projects	5
Total key informant interviews	40

¹⁰ PAP – project approval process, EDA – enhanced direct access, SAP – simplified approval process, PSAA – project-specific accreditation approach.

c. Ethical considerations

In addition to the GCF Evaluation Standards, the evaluation adopts four guiding ethical principles from the United Nations Evaluation Group's *Ethical guidelines for evaluation*¹¹: integrity, accountability, respect and beneficence.

Integrity is the active adherence to moral values and professional standards, which are essential for responsible evaluation practice. Integrity in evaluation requires:

- Honesty and truthfulness in communication and actions.
- Professionalism based on competence, commitment, ongoing reflective practice and credible and trustworthy behaviour.
- Independence, impartiality and incorruptibility. These are interdependent and mutually reinforcing. They mitigate or prevent conflicts of interest, bias or undue influence of others, which may otherwise compromise responsible and professional evaluation practice.

Accountability is the obligation to be answerable for all decisions made and actions taken; to be responsible for honouring commitments, without qualification or exception; and to report potential or actual harms observed through the appropriate channels. Accountability in evaluation requires:

- Transparency regarding evaluation purpose and actions taken, establishing trust and increasing accountability for performance to the public, particularly those populations affected by the evaluation.
- Responsiveness as questions or events arise, adapting intentions and plans as required. Where corruption, fraud, sexual exploitation or abuse or other misconduct or waste of resources is identified, it must be referred to appropriate channels.
- Taking responsibility for meeting the evaluation purpose and for actions taken, for exercising due care and for ensuring redress and recognition as needed.
- Justifying and fairly and accurately reporting to stakeholders (including affected people) decisions, actions and intentions.

Respect involves engaging with all stakeholders of an evaluation in a way that honours their dignity, well-being and personal agency while being responsive to their sex, gender, race, language, country of origin, LGBTQ status, age, background, religion, ethnicity and ability and to cultural, economic and physical environments. Respect in evaluation requires:

- Access to the evaluation process and products by all relevant stakeholders – whether powerless or powerful – with due attention to factors that can impede access such as sex, gender, race, language, country of origin, LGBTQ status, age, background, religion, ethnicity and ability.
- Meaningful engagement and fair treatment of all relevant stakeholders in the evaluation processes from design to dissemination, so they can actively inform the evaluation approach and products rather than being solely a subject of data collection.
- Fair representation of different voices and perspectives in evaluation products.

Beneficence means striving to do good for people and planet while minimizing harms arising from evaluation as an intervention. Beneficence in evaluation requires:

- Explicit and ongoing consideration of risks and benefits from evaluation processes, products, and longer-term consequences.

¹¹ United Nations Evaluation Group, *UNEG ethical guidelines for evaluation*. Available at www.alnap.org/system/files/content/resource/files/summary/UNEG_Ethical_Guidelines_for_Evaluation_2020.pdf.

- Maximizing benefits at systemic (including environmental), organizational and programmatic levels.
- Doing no harm and not proceeding with an evaluation when harms cannot be mitigated.
- Ensuring evaluation makes an overall positive contribution to human and natural systems and to the mission of the United Nations.

d. Limitations

There are many limitations and challenges facing an evaluation such as this one.

- Firstly, the scope is broad, and the timeline is limited.
- Second, capturing tacit institutional knowledge on the application of the framework during the periods for the GCF's initial resource mobilization and the GCF's first replenishment may be challenging, given the turnover rate in GCF programming teams.
- Third, an artificial data cut-off date of October 2023 or B.37 will apply to this evaluation (whichever is later), and the data may not be most recent.
- Fourth, the limitations of qualitative research, such as external validity and generalizability, remain.
- Fifth, the limited availability of data on withdrawn projects before the Board's consideration may pose a bias in assessing the effectiveness of investment decisions.

The evaluation will make efforts to mitigate these limitations and challenges and will include the following measures:

- The literature available for this evaluation is large and comprehensive. The evaluation team will consider a wide variety of literature from the GCF and other organizations to ensure the scope of the evaluation remains broad.
- The evaluation will use consultations not only to collect data to validate emerging findings but also to discover unseen data and information not yet published.
- The task lead and many evaluation team members are trained in social science methods and are familiar with the GCF. They are full-time IEU personnel or independent consultants with no known or potential conflicts of interest. A team approach will be applied to reduce individual evaluator bias.
- Data availability limitations will be addressed by complementing existing internal data with primary data sources such as key informant interviews (KIIs) and the online survey focused on potential project proponents and partners.
- The IEU leads the study and is responsible for its substantive content and presentation.

D. WORKPLAN

The evaluation involves a desk study and virtual and/or in-person interviews. The external evaluation team will work closely with the IEU for this evaluation. The evaluation's estimated duration is from March to December 2023. The reviewed final report must be delivered to the IEU by November 2023, with follow-up and socialization activities conducted through December 2023. These timelines are subject to change depending on procedural, methodological and operational matters within the GCF. The evaluation process has four general phases:

Inception and planning phase (March-May 2023): This phase involves the process followed to date and culminates in the final Approach Paper (see also Table A - 13 below).

Data collection and analysis phase (June-August 2023): This phase involves planning and implementing the data collection and analysis methods described in section C.

Factual draft phase (September-October 2023): During this phase, the factual draft of the evaluation report will be prepared, reviewed and responded to.

Final reporting phase (November-December 2023): During this phase, the full evaluation report will be drafted, edited, shared and socialized. Feedback will be received and responded to, and the report will be finalized and widely communicated.

Board submission (2024): The full report will be submitted to the Board in time for the first Board meeting in 2024.

Table A - 13 lists and describes the evaluation's key deliverables, and Appendix 4 contains a detailed evaluation workplan.

Table A - 13. Expected deliverables and milestones.

DATES	KEY DELIVERABLES AND PROCESSES
March 2023	Launch of evaluation with terms of reference drafted.
March - May 2023	Approach paper draft with key issues, survey protocol, review questions and sources of evidence prepared, delivery of final approach paper and socialization with stakeholders.
May - August 2023	Collection of perception data using interviews and surveys with stakeholders and interviewees. All data collected, with data analysis progressing. Follow-up on surveys, as applicable.
September - October 2023	Drafting, updating, and analysing data from interviews and surveys. Consultations with stakeholders. Receipt and integration of Secretariat comments. Factual draft of the report is ready.
November - December 2023	Process of completing the final report starts. Presentation of emerging findings to GCF Secretariat. Webinars to CSOs, PSOs, AEs, Board, advisers, and other stakeholders.
Quarter 1 2024	Final report submitted to the Board before the first Board meeting in 2024.
2024	Communications, outreach, and knowledge products to showcase evaluation findings are conducted before, during, and after B.38.

APPENDICES

Appendix 1. LIST OF INTERVIEWEES

NO.	NAME	DESIGNATION	DEPARTMENT
1	Gareth Zahir-Bill	Deputy Director	Department of Portfolio Management
2	Ivo Besselink	Sector Senior Specialist, Energy and Industries	Department of Portfolio Management
3	Lilian Macharia	Director	Department of Portfolio Management
4	Vladislav Arnaoudov	Senior Quality Assurance and Monitoring and Evaluation Specialist	Department of Portfolio Management
5	Adam Bornstein	Head of Financial Analysis and Product Innovation	Division of Support Services
6	Selina Wrighter	Head of Policy and Strategy	Office of Executive Director

Appendix 2. EVALUATION MATRIX

KEY AREA/CRITERIA	QUESTIONS	DATA SOURCES AND METHODS
Relevance	<ol style="list-style-type: none"> 1. To what extent does the investment framework align with the objectives of the UNFCCC and the Paris Agreement? 2. Do the investment framework's targeted areas and sectors align with the country's Nationally Determined Contributions (NDCs) and climate action plans? 3. To what extent does the investment framework align with the guidance provided by the Conference of the Parties (COP) and the GCF Board? 4. How is the GCF approach to investment articulated, including the GCF investment framework? 5. How relevant and suitable is the investment framework to the mandate of the GCF? 6. How relevant is it to the needs and priorities of the developing countries in addressing and preventing the climate change impacts? 7. To what extent does the GCF investment framework allow prioritizing various goals, such as private sector mobilization targets, co-finance ratio, support to national entities, etc.? 	<p>Interviews with GCF staff, Board investment committee, etc.</p> <p>Desk review of existing GCF guidance, policies, general literature, previous evaluations, etc.</p> <p>Benchmarking</p> <p>Online survey</p>
Effectiveness	<ol style="list-style-type: none"> 1. Are the investment framework's policies, strategies, targets and criteria internally consistent? 2. How effectively does the investment framework align with relevant GCF policies? 3. How effectively has the GCF established the investment framework? 4. How effectively does the investment framework support the GCF in delivering its mandate? 5. How effectively does the investment framework generate and guide GCF investments? 6. How effectively does the investment framework assist the Secretariat in targeting and prioritizing FPs for Board approval? 7. How effectively does the framework equally review projects and programmes? 8. How effectively does the investment framework assist the independent Technical Advisory Panel (iTAP) in reviewing, targeting and prioritizing FPs for Board approval? 	<p>Desk review/study</p> <p>Secondary data: Interviews with GCF staff, Board investment committee, etc.</p> <p>Analysis of alignment of investment policies with Board decisions</p> <p>Portfolio projections</p> <p>Benchmarking</p> <p>Focus group discussions</p>

KEY AREA/CRITERIA	QUESTIONS	DATA SOURCES AND METHODS
	<ol style="list-style-type: none"> 9. How effectively does the investment framework assist the Board in assessing and approving FPs? 10. How effectively have the six investment and additional criteria, such as climate rationale, contributed to the project appraisal process? 11. What are the other factors of effectiveness of the GCF investment framework? 12. How effective is the investment framework compared to similar frameworks in other relevant organizations? 	
Efficiency	<ol style="list-style-type: none"> 1. How efficiently does the investment framework use its financial resources, including administrative and transaction costs? 2. How effective is the GCF in ensuring the transparency, accountability and effectiveness of its governance and investment decision-making processes? 	Interviews Literature/Desk review Portfolio review with process durations
Impact and sustainability	<ol style="list-style-type: none"> 1. What is the investment framework's level of impact in reducing greenhouse gas emissions and building resilience in vulnerable communities? 2. To what extent does the investment framework support the delivery of expected impact in the countries? 3. To what extent does the investment framework support the GCF in fulfilling its social, environmental and economic goals? 4. To what extent does the investment framework support the delivery of a paradigm shift? 5. How well do the GCF's impacts align with the investment framework? 6. How sustainably can GCF-funded projects and programmes deliver long-term impact and contribute to sustainable development? 	In-depth investment criteria scorecard review Deep dives (a subsample of projects under implementation; comparison of approved projects and withdrawn at advanced review stage) Interviews
Coherence and complementarity	<ol style="list-style-type: none"> 1. To what extent does the investment framework enable coherence and complementarity with the portfolios of the operating entities of the financial mechanism of the UNFCCC? 2. In what ways is the GCF's approach to investments, risks and compliance consistent with comparable climate funds and institutions? 3. To what extent does the investment framework support coherence and complementarity at the country level? 4. How well does the GCF's investment framework integrate and align with national and regional climate strategies and plans, including through the GCF's country and entity work programmes? 	Interviews Literature/desk review Benchmarking Focus group discussions

KEY AREA/CRITERIA	QUESTIONS	DATA SOURCES AND METHODS
	<p>5. How is the investment framework complemented by the investment-related policies, targets, tools, and monitoring activities within the GCF but outside the framework's formal definition?</p>	
Replication and scalability	<p>1. How are the GCF's investments supporting the replication and scale-up of climate projects and best practices?</p> <p>2. To what extent can the investment framework be replicated and scaled up in other developing countries and regions?</p> <p>3. What are some examples of GCF projects where replication and scaling-up occurred, as set out in the FP submitted?</p>	<p>Interviews Literature/desk review Data analysis on replication/scalability In-depth investment criteria scorecard review Online survey</p>
Innovation and risk	<p>1. How does the GCF apply the investment framework across the diversity of its portfolio, including various funding modalities such as the simplified approval process (SAP), request for proposals, project-specific accreditation approach, etc. and investments that operate under complexity?</p> <p>2. Does the GCF's investment approach encourage taking on more innovative and risk-taking projects and activities? Has the GCF made any innovations?</p> <p>3. How transformational are the GCF's projects?</p>	<p>Interviews Literature/desk review In-depth scorecard review Online survey Focus group discussions</p>

Appendix 3. DRAFT REPORT OUTLINE

Volume I

Executive summary

Main report

1. Introduction, background, and scope, including a brief literature review and synthesis of previous evaluations
2. GCF's investments in the broader context: UNFCCC, COP decisions, complementarity and coherence, country needs and priorities
3. Benchmarking analysis with a summary of GCF's investment framework
4. GCF's investment framework within the policy ecosystem
5. Operationalization of the framework:
Tools, checklists, scorecards, alignment with other policies, application of investment framework's components in stages of project approval cycle, prioritization
6. Results and impact of investment decisions:
Current and long-term approved portfolio achievements, sustainability, innovation, and risk management
7. Conclusions
8. Recommendations

Appendix. List of respondents

References

Volume II. Annexes

Annex 1. Detailed literature review and synthesis of findings from previous evaluations

Annex 2. Methodology

Annex 3. Deep dives

Annex 4. Engagements

Annex 5. Data analysis

Annex 6. Survey results

Annex 7. Others

Appendix 4. DETAILED TIMELINE

ACTIVITY	FEB	MARCH			APRIL				MAY				JUNE				JULY					AUGUST				SEPTEMBER				OCT	NOV	DEC				
	W4	W1	W2	W3	W4	W1	W2	W3	W4	W5	W1	W2	W3	W4	W1	W2	W3	W4	W1	W2	W3	W4	W5	W1	W2	W3	W4	W1	W2	W3	W4					
Phase 1: Inception and planning																																				
1. Procurement																																				
2. External team is onboarded																																				
3. Evaluation matrix, including evaluation methods, sampling, data-collection tools								*																												
4. Preliminary documents and literature review (desk-based)																																				
5. Outline of the comparative study (landscape analysis) - investment frameworks									*																											
6. Draft approach paper										*																										
7. Final approach paper, after incorporating feedback/ comments											*																									
Phase 2: Data collection and analysis																																				
8. Detailed documents and literature review (desk-based)																		*																		
9. Detailed secondary data analysis (quantitative, portfolio analysis)																												*							*	
10. Comparative study (landscape analysis) - investment frameworks																		*										*							*	
11. Online survey (AEs, NDAs, active observers)																							*													
12. KIIs (internal and external)																								*												

Appendix 5. KNOWLEDGE MANAGEMENT AND DISSEMINATION PLAN

OUTPUT	KEY AUDIENCE	CONTENT/COMMENTS	EXPECTED DELIVERY
IEU website	All	Serves as a hub for all public resources generated by the evaluation	Throughout the evaluation cycle
Social media	All	Key updates for every product/event related to the evaluation	Throughout the evaluation cycle
Approach paper	Board, Secretariat	The synthesis's approach, questions, and messages	May 2023
Webinars on approach paper	Board, Secretariat, CSOs/PSOs/AEs	To present the proposed approach and report outline	May 2023
Webinars on emerging findings	Board, Secretariat, CSOs/PSOs/AEs	To share emerging findings and solicit reactions/comments, improve dissemination and uptake	Nov 2023
GevalBrief	All	A four-page summary focusing primarily on the evaluation's background, key questions, findings, and recommendations. The summary is for busy readers and is useful for wider dissemination	Dec 2023/ 2024
Evaluation video or podcast	All	A quick video/podcast summary of the evaluation's key findings and recommendations will be uploaded to YouTube and the IEU's website	2024
B.38 side event	Delegates to Board meeting	To present findings and recommendations	2024
B.38	All	Final report of the evaluation	2024

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