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CLIMATE  
FUND**

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# Annual Report 2022 of the Independent Evaluation Unit

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## **Summary**

This document contains the Annual Report of the IEU's key activities for the period of January to December 2022. It reports on the IEU outputs and achievements in line with the Independent Evaluation Unit 2022 Work Plan and Budget and Update of its Three-year Objectives and Work Plan (document GCF/B.30/12).

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## Message from the Head of the IEU a.i.

1. I would like to thank the Board for their decision to select me as Head of the Independent Evaluation Unit. I am honoured and grateful to the Board for continuing to place confidence in me and the Unit's capacity to deliver effectively on the evaluation function of the Fund.
2. I am proud to present the IEU's Annual Report for 2022. The IEU was able to get back out into the world while conducting evaluations, most notably for the Second Performance Review (SPR) of the GCF. We were also able to submit the Summary report of the SPR to the Board in time for the fourth and final Board meeting of 2022. I am glad that the report was noted by the Board and was characterised as providing helpful lessons to inform the ongoing discussions for the review and update of the GCF's Strategic Plan and look forward to finalizing and delivering the SPR final report in time for B.35.
3. In 2022, the IEU also undertook the Independent Evaluation of the Relevance and Effectiveness of the GCF's Investments in the African States, the third in a series of evaluations looking at groups of countries defined by the GCF Governing Instrument as highly vulnerable to the effects of climate change. We also undertook an Independent Synthesis of Direct Access in the GCF and continued our capacity building work through the Learning-Oriented Real-Time Impact Assessment (LORTA) Programme. Altogether, the Unit completed 18 country missions, nearly a thousand interviews, and data analyses through its DataLab.
4. The year 2022 was also full of strategic communications and engagement activities. These were conducted in person, online, and in hybrid format with internal and external stakeholders. The IEU organised 34 workshops and events for the GCF Secretariat, Board, and LORTA stakeholders aimed at disseminating lessons learned and fostering discussions on topics related to our evaluations. The IEU also took part in 19 global conferences and meetings, organizing or presenting in nearly 40 sessions. Notably, the IEU participated in key events throughout the year, including UNFCCC COP27, 2022 Asian Evaluation Week, gLOCAL Evaluation Week, European Evaluation Society biennial conference, and much more.
5. Together with the very able and talented team members, I look forward to commencing work on IEU's 2023 evaluations looking at the GCF's investments in the energy sector, Investment Framework, and Readiness and Preparatory Support Programme, along with a peer review of the GCF's evaluation function.

**Andreas Reumann**

Head of the Independent Evaluation Unit a.i.

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## Message from the Co-Chairs

6. We would like to begin this message by heartily congratulating Mr. Andreas Reumann on his final selection as the new Head of the Independent Evaluation Unit and wishing for the Unit to continue to deliver quality evaluations of GCF's operations, portfolio and performance.

7. The year 2022 marked the resumption of in-person and hybrid Board meetings. This return to quasi-normality enabled a more streamlined and efficient review and approval of funding proposals, accreditations as well as policy documents by the Board. It is pleasing to note that the GCF Board approved a total of USD 1.4 billion in climate finance in 2022.

8. The Board was also able to review and approve key policy documents, including the updated accreditation framework, the accreditation strategy, the private sector strategy, the update of the simplified approval process, and the guidance on the approach and scope for providing support to adaptation activities. These policies and frameworks that the Board approved in 2022 are essentially designed to increase developing countries' access to GCF resources. And the IEU's evaluations, assessments and syntheses on these topics, such as the Rapid Assessment of the GCF's Simplified Approval Process, the Independent Synthesis of the GCF's Accreditation Function, the Independent Evaluation of the Adaptation Portfolio and Approach of the GCF, and the Special Review of the Project Preparation Facility, were greatly beneficial to the Board's decision-making processes. These evaluation reports and syntheses contributed significantly to enhancing the efficiency and effectiveness of the GCF's operations and adequacy of its policies.

9. The year 2022 also marked significant milestones for both the IEU and the GCF as a whole. Most notably, the Board launched the second replenishment of the GCF in July 2022 and started the review and update of the GCF's Strategic Plan. In this context, the IEU's ongoing second performance review of the GCF (SPR) and the various IEU deliverables contributing to the SPR have provided valuable insights, highlighting both the achievements made over GCF-1 and the remaining gaps in GCF governance, access, programming and results.

10. The IEU also organized several webinars and side events throughout the year to inform the Board of their evaluation findings, and their tireless effort in disseminating the evidence and the learnings was noted and appreciated by the Board. Through these webinars and side events, the IEU presented the approach, methods, data and early findings of 2022 evaluations, including the Independent Evaluation of the Relevance and Effectiveness of the GCF's Investments in the African States and the Independent Synthesis of Direct Access in the GCF. Another noteworthy achievement is that the IEU in 2022 presented to the Board several Management Action Reports on the completed IEU evaluations, operationalizing the Evaluation Policy for the GCF.

11. We again congratulate the entire IEU team on its notable achievements and hope that it will continue to provide quality evaluative findings and learnings to inform the Board's decision-making and help strengthen the GCF's performance and results. Thank you.

Jean-Christophe Donnellier and Tlou Emmanuel Ramaru

2022 Co-Chairs of the GCF Board

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## II. Introduction

12. This document reports on the key activities and outcomes of the Independent Evaluation Unit (IEU) for the calendar year 2022. The objectives and key work plan activities of the IEU are presented in the Board-approved "Independent Evaluation Unit 2022 Work Plan and Budget and Update of its Three-year Objectives and Work Plan"<sup>1</sup> (see document GCF/B.30/12).
13. This annual report is organized as follows:
- (a) Section III: About the IEU
    - (i) The IEU's objectives
    - (ii) The IEU's mandate
  - (b) Section IV: Achievements in 2022
    - (i) Evaluations
    - (ii) Capacity-building and advisory services
    - (iii) Uptake, communications and partnerships
    - (iv) Building and strengthening the IEU
  - (c) Section V: Looking ahead to 2023
  - (d) Section VI: Annexes
    - (i) Annex 1: IEU's budget and expenditure in 2022
    - (ii) Annex 2: IEU's formal partnerships
    - (iii) Annex 3: List of 2022 internal events organized by the IEU and external events that the IEU participated in
    - (iv) Annex 4: Communications materials published in 2022
    - (v) Annex 5: Progress Report on the Second Performance Review of the Green Climate Fund
    - (vi) Annex 6: Management Action Report on the Independent Evaluation of the Adaptation Portfolio and Approach of the Green Climate Fund
    - (vii) Annex 7: Management Action Report on the Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund's Investments in the Least Developed Countries
    - (viii) Annex 8: Management Action Report on the Independent evaluation of the Green Climate Fund's Approach to the Private Sector
    - (ix) Annex 9: Management Action Report on the Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund's Investments in the SIDS
    - (x) Annex 10: Management Action Report on the Independent Synthesis of the GCF's Accreditation function
    - (xi) Annex 11: Summary of 2022 LORTA Synthesis Report

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<sup>1</sup> Available at [https://ieu.greenclimate.fund/sites/default/files/document/ieu-2022-workplan-decision-b30-10-annex-vi\\_0.pdf](https://ieu.greenclimate.fund/sites/default/files/document/ieu-2022-workplan-decision-b30-10-annex-vi_0.pdf)

- (xii) Annex 12: Summary of 2022 Evidence Reviews
- (xiii) Annex 13: Synthesis note on the Green Climate Fund's Readiness and Preparatory Support Programme

## III. About the IEU

### 3.1 The IEU's objectives

14. The IEU has three core objectives, derived from the GCF's Governing Instrument:
- (a) Inform decision-making by the Board and identify and disseminate lessons learned; contribute to guiding the Fund and its stakeholders as a learning institution; and provide strategic guidance to the Board.
  - (b) Conduct periodic independent evaluations of the Fund's performance to provide an objective assessment of the Fund's results and the effectiveness and efficiency of its activities.
  - (c) Provide evaluation reports to the Conference of the Parties to the United Nations Framework Convention on Climate Change to periodically review the financial mechanism of the Convention.

### 3.2 The IEU's mandate

15. The IEU provides objective assessments of the performance and results of the GCF, including its funded activities and their effectiveness and efficiency. Among other things, the IEU undertakes independent evaluations, is responsible for developing and updating the Evaluation Policy of the Fund, attests to the quality of the Fund's self-evaluations, and supports the strengthening of the evaluation capacities of implementing entities. To fulfil its mandate, the IEU structured its work plan around four pillars:

- (a) **Evaluations:** The IEU undertakes high-quality evaluations of the GCF's performance, portfolio, and project-based and programmatic approaches, in line with the Board-approved workplan. These evaluations serve as building blocks for Fund-level evaluations that assess the effectiveness and efficiency of the GCF and are shared with the GCF's replenishment process.
- (b) **Capacity-building and advisory services:** The IEU supports the strengthening of implementing entities' evaluation capacities to facilitate their own evaluations of their GCF project activities. The IEU's evaluation-based learning and capacity building efforts respond to the evaluation needs of the Board and the Secretariat of the GCF, accredited entities (AEs), national designated authorities (NDAs) and other stakeholders in the evaluation and climate change space.
- (c) **Uptake, communications and partnerships:** The IEU ensures that the high-quality evidence, findings and recommendations from its independent evaluations are effectively communicated, used and incorporated into the GCF's functioning and processes. The IEU collaborates with GCF stakeholders and partner organizations and engages them in the IEU's activities to ensure it stays at the frontier of evaluation practice and theory, and that it benefits from relevant initiatives undertaken by other evaluation offices/units, in particular the UN Evaluation Group. The IEU plans to further boost its participation in relevant international evaluation networks. It builds and strengthens partnerships to leverage the partner organizations' geographic presence, thematic expertise and capacities in support of the IEU's other objectives.
- (d) **Building and strengthening the IEU:** The IEU ensures it is functioning effectively by sharing its vision and practices internally and externally, and clearly articulating its

Evaluation Policy and procedures. The IEU's staff are to reflect the best standards in evaluative training, practice, theory and ethics.

## IV. Achievements in 2022

### 4.1 Evaluations

#### 4.1.1 Second Performance Review of the Green Climate Fund

16. The Board launched the Second Performance Review (SPR) of the GCF in decision B.BM-2021/11 on 10 June 2021. The scope of the SPR is to assess the GCF's progress during the GCF-1 programming period, specifically: (i) the GCF's progress in fulfilling its mandate and operational priorities, as outlined in the Updated Strategic Plan (USP), and (ii) the GCF's performance in promoting a paradigm shift towards low-emission and climate-resilient development pathways. The final evaluation report is being submitted to the Board in time for its thirty-fifth meeting (B.35) in March 2023.

17. During the reporting period, the SPR team concluded data collection by undertaking country missions either in a hybrid or in-person mode, covering twelve countries. Over 700 semi-structured stakeholder interviews were also undertaken by the SPR team, and interviews were concluded during the reporting period. Previously, the IEU produced and delivered the FPR Management Action Report (MAR), the SPR Synthesis Study, Board deliverables on a) the rapid assessment of the USP 2020-2021, and b) SPR approach paper. During the reporting period, the IEU submitted the SPR summary report at B.34 to the Board, and the SPR final report will be shared in time for B.35.

18. As a part of the SPR, the IEU submitted the Progress Report for the previous reporting period to the Board at B.34, and the report for the current reporting period is part of the Annual Report shared for B.35. The Expense Report was submitted to the Board's Budget Committee in September 2022. The IEU delivered the SPR Summary Findings Report to the Board at B.34 Board presentation. The IEU also presented findings and key messages at the Replenishment Meeting for GCF-2, two Pavilion events at COP27, and virtual IEU eSPRESSO sessions.

19. The following paragraphs present the key findings and emerging areas of recommendations from the SPR Summary report. This report was an early, stand-alone SPR product and analytical tool that seeks to lay a foundation for a common understanding of what is known about the current status of the GCF for all key stakeholders leading into the SPR. It provides a clear picture of what is already known about the SPR. It also served as an update for the GCF Board on the SPR by synthesizing the key findings, conclusions, and lessons of the documents and evaluations available in the GCF-1 programming period. This SPR Summary report was presented to the GCF Board at B.34.

20. Key findings of the SPR Summary report<sup>2</sup>

(a) **The GCF has steadily evolved and matured as an organization over the first three years of GCF-1, as it works to deliver on its GI mandate and USP objectives.** Critical work has been done to institutionalize policies and processes, building on the IRM period, and some benefits are starting to be realized, including through higher-quality funding and readiness proposals, increased programming volumes, and incremental improvements in process efficiency. The size of the portfolio doubled in the first two years of GCF-1 and now exceeds USD 10 billion as of B.33, with four fifths of approved

<sup>2</sup> Available at <https://ieu.greenclimate.fund/sites/default/files/document/gcf-b34-inf08.pdf>

projects under implementation. Readiness support has been delivered to 141 developing countries, and 128 countries have had projects approved and are working with 51 AEs. Yet, there has been a tendency to focus on incremental improvements rather than clarifying the larger questions around objectives and priorities (e.g. accreditation). Operational processes continue to be protracted, to the point of harming the GCF's reputation.

- (b) **As the GCF considers updates to its strategic plan for GCF-2, it finds itself at a crossroads in its strategic development.** The Board has an opportunity to set clearer strategic direction and provide a focus through the USP-2 that can clarify operational priorities and the operating model. Stakeholders do not yet share a common vision for the Fund, leading to an overly broad “do it all” approach. In light of finite resources, the time has come to clarify the GCF's vision in certain areas, such as the balance between the urgency of the challenge and the long-term need to build climate finance capacity in countries and entities, the extent to which the GCF works through its partners or takes a more direct and strategic role (e.g. to influence climate finance flows, or convene partners around NDC investment planning processes), and the extent to which countries' demand directs GCF programming compared to the GCF's orchestrating of larger strategic global or regional paradigm shifts. This ambiguity makes it difficult for the GCF's results and impacts to be cumulative in any one area or to drive significant transformational change or a wholesale paradigm shift. Many of these possible priorities could be simultaneously achievable within the broader GCF portfolio but would require more direct priority setting and significant changes in the GCF's capacity and its operating model. Currently, these as yet unresolved or competing visions manifest as a lack of focus and strategic tensions in the USP, with negative consequences for operational effectiveness and efficiency. They also keep the GCF from being a fully articulated organization, with implications for beneficiaries and countries.
- (c) **Through accreditation, the GCF has established a network of diverse AE partners, including many national and regional DAEs.** But the GCF accreditation approach is not yet optimized for direct Fund access, and some current accreditation goals could be more effectively and efficiently met through other channels. This includes other forms of GCF partnerships, country capacity-building and access mechanisms. The accreditation function is overburdened with multiple goals, some of which are partially conflicting. The GCF lacks a vision and strategy for a manageable AE network of capable and diverse entities that are well positioned for emerging GCF and country priorities, high-quality project implementation and the GCF's fundamental goal of direct access. A growing network may affect the AE-to-project ratio and the Secretariat's capacity to manage it, and thus affect the attractiveness of accreditation to potential AE partners, especially with a continuously protracted accreditation process. This ambiguity in strategy for accreditation relates directly to the need for the GCF to fully articulate its role internally as well as to its partners.
- (d) 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. Country accreditation decisions, programming and capacity-building are not yet sufficiently aligned and targeted to facilitate direct access. Building the capacities of DAEs through IAE support has not worked well in practice.
- (e) **Within the context of the GCF's commitment to country ownership and of countries' evolving needs, the role of the GCF and its partner institutions in supporting countries remains poorly defined.** The GCF has not yet fully articulated the role that it wishes to play at the country level, nor the respective contributions expected of the Secretariat, NDA, AEs and other partners. At the same time, the needs of

countries are evolving from core policy and target formulation towards the more complex process of sector-level investment planning and project delivery. Yet, many countries lack the capacity to prioritize investment opportunities and manage structured dialogues with financing partners and DPs in an integrated and holistic way. Currently, the GCF is generally not directly engaged in the NDC investment planning and delivery process, with other institutions more directly involved (often AEs). A high-capacity NDA is central to this process, but GCF readiness support, while valuable, is not being systematically targeted to the highest priority areas to meet both country and GCF goals. As a result, opportunities for strategic-level synergistic effects and transformational impact are being lost, not only within the GCF portfolio but more widely.

- (f) **Despite the ever-increasing volumes, process improvements and increasing quality, the project appraisal and approval cycle is widely perceived as bureaucratic, lengthy, inconsistent and non-transparent.** Demand for GCF finance far outstrips supply, necessitating efficient, reliable and transparent systems to manage and allocate scarce resources and placing a premium on resource predictability. Many stakeholders have argued for more clearly differentiated pathways for different entities and/or project types. More generally, it is not clear that the current system of portfolio development and oversight is scalable as funds under management and project complexity increase. The Secretariat continues to identify and address issues within its control, but also needs further clarity from the Board on a variety of matters to achieve deeper improvements.
- (g) **The results and risk management strategies are underdeveloped to serve the GCF's need to demonstrate results as its portfolio matures.** Given the global urgency, the need for the GCF to deliver climate results is only becoming more critical. While the portfolio under implementation is still quite young, there are indications that mitigation and adaptation results will be forthcoming. As the GCF's portfolio under implementation triples in GCF-1, the Secretariat has an important and growing responsibility to oversee the implementation of projects to manage for risks, results and knowledge feedback. These systems are currently underdeveloped and insufficiently differentiated by risks and AE characteristics/capacities, although many efforts to improve them are under way.
- (h) **The GCF's novel governance design of parity between developed and developing countries brings legitimacy but compromises efficiency, especially given the Fund's proximity to UNFCCC politics.** The Board has been more effective and efficient on routine expectations such as approving FPs and accrediting entities, and less so on policy and strategic direction, particularly in the face of virtual meetings during GCF-1. While the formal rules of the Board are laid out and clear, informal governance norms are not well established and can set differing expectations. Policy gaps and blurred lines between governance and management functions and authorities are also now impeding progress. The unique GCF governance model provides an opportunity to navigate through these challenges and provide strategic leadership and clarity moving forward.
21. Emerging areas of recommendation contained in the SPR Summary report
- (a) Clarify the GCF's strategic positioning and strengthen priorities
- (i) Fully articulate vision and strategic choices
- (ii) Set indicators and targets
- (iii) Resource appropriately

- (iv) Ensure that the strategy is widely communicated throughout the broader GCF partnership
- (b) Clarify GCF and partner roles in countries
  - (i) Clarify the GCF's role in country planning processes
  - (ii) Clarify any future role for CPs and EWPs
  - (iii) Clarify the role of readiness support
  - (iv) Review accreditation and access priorities
- (c) Ensure streamlined and fit-for-purpose systems
  - (i) Refine operational modalities as needed per USP guidance
  - (ii) Have mechanisms in place to ensure systems and processes are, and continue to be, fit-for-purpose and appropriately resourced
- (d) Pivot to a result and learning orientation
  - (i) Fully operationalize the IRMF and RRMF
  - (ii) Improve implementation management processes
  - (iii) Review approach to due diligence
  - (iv) Strengthen learning and feedback loops
- (e) Strengthen governance processes to provide more effective and efficient leadership for the Fund
  - (i) Improve governance efficiency
  - (ii) Continue working to update the policy suite
  - (iii) Clarify blurred lines between governance and management
  - (iv) Support trust-building and self-reflection among Board members
  - (v) Revisit the observer function to address weaknesses

#### 4.1.2 Independent Synthesis of Direct Access in the GCF

22. This assessment aimed to examine direct access in the GCF by conducting an in-depth analysis of available data and evidence, a literature review, and a synthesis of existing evaluations and analyses from the IEU and the GCF Secretariat. The purpose of this Synthesis is: (a) to conduct an assessment and provide learning on the Fund's implementation of the direct access concept and approach, as mandated by the Fund's Governing Instrument (GI), and (b) to improve the relevance and performance of the GCF's direct access modality as a way of accessing financing from the Fund. This evaluation commenced in January 2022, and the final evaluation report is being submitted for the thirty-fifth meeting of the Board (B.35) in March 2023. The following paragraphs contain the conclusions and recommendations from the final evaluation report.

#### 23. Conclusions

- (a) The GCF's GI provides for a prominent role for direct access in GCF operations. However, direct access was only implemented through accreditation; no other additional modalities were used to date.
- (b) A comprehensive approach to direct access to meet countries' climate priorities based on country drivenness is missing.

- (c) Institutional accreditation does not lead to successful programming within a reasonable timespan and doesn't judge the ability of an entity to undertake climate programming.
- (d) The GCF has a range of support programmes, the simplified approval process and the request for proposals modalities to support programming but such support to direct access modality for programming is not differentiated and not tuned to the relative importance of direct access in the GCF.
- (e) As the DAE portfolio matures and diversifies, the GCF's business model lacks agility and adaptive management in implementation and has limited effective and real-time implementation support and capacity building to ensure effectiveness of results.
- (f) Expansion of accredited entity pool while maintaining existing partnerships will strain the GCF's accreditation system, as it exists currently.

#### 24. **Recommendations**

- (a) The Board and the Secretariat should clearly articulate and lay out a vision for direct access.
- (b) The GCF should provide options for countries to directly access financing through measures beyond accreditation as part of their country programming.
- (c) As the pool of direct access entities and partners expands, the GCF should consider a differentiated approach to project approval, to account for the varying institutional capacities.
- (d) The GCF should include a lens that focuses on the effect and implications on direct access in all the tools and instruments supporting accreditation and operations.
- (e) The GCF should enhance existing tools and develop new ones to encourage projects to better understand and manage risks as well as to implement with an adaptive management approach.

#### 4.1.3 **Independent Evaluation of the Relevance and Effectiveness of the GCF's Investments in the African States**

25. This evaluation examines the GCF's effectiveness and efficiency in reducing the vulnerability of local communities and livelihoods to the effects of climate change in the African States, and whether these impacts are likely to be sustained. According to the Board approved 2022 IEU workplan, the evaluation report was finalized at the end of 2022 and is being submitted to the Board in time for B.35 in 2023. The following paragraph contains the evaluation's conclusions, and it is expected that the final recommendations will be made available closer to the dates of B.35.

#### 26. **Conclusions**

- (a) For the most part, GCF has been moderately relevant to the African States, in line with international agendas on climate action, however, its portfolio is weighted in favour of mitigation result areas.
- (b) Much remains to be done to effectively operationalise a coherent and coordinated provision of climate finance and related support in Africa.
- (c) The GCF continues to play an enabling role in supporting a country-driven approach to climate action. Notably, it has contributed to building the institutional capacities of NDAs for coordinating a country-owned approach to climate action. However, the country owned and driven approach relies significantly on DAEs, although there are relatively few DAEs on the continent, given the challenges of accreditation with the GCF.

- (d) The potential for much greater African private sector engagement remains under-developed.
- (e) Important challenges confronting the GCF in its work in Africa are operational. Key among them is the difficulty reportedly facing many African States, particularly the LDCs and countries that are fragile, in accessing GCF resources (including through the RPSP and PPF).
- (f) The English-only working language of the GCF is a serious and costly impediment confronting non-Anglophone African States (e.g., in the Sahel and the Maghreb).
- (g) Operating in Africa is more costly for AEs than in other regions, which remains unaddressed by the GCF.
- (h) The GCF appears distanced and difficult to access. This partially explains why GCF has no single-country FP in 17 of Africa's 54 countries and no GCF-funded activities in an additional six.

#### 4.1.4 Learning-Oriented Real-Time Impact Assessment

27. The IEU's LORTA programme, in 2022, continued to support real-time impact assessment of GCF projects to keep track of GCF projects in terms of performance and results but also to enhance learning through advisory services and capacity-building in the area of impact evaluation. LORTA contributes to the global evidence in the climate space by collaborating with practitioners, academia, policymakers, and other stakeholders. One of the largest accomplishments in 2022 was the submission of an article summarizing the findings of the LORTA impact evaluation project in Malawi (UNDP, FP002) to the Food Policy academic journal.<sup>3</sup> This publication may contribute to the existing, but rather scarce, evidence in climate adaptation and mitigation globally.

28. **LORTA portfolio and progress with the portfolio:** In 2022, further progress was made with the existing LORTA portfolio of projects. Impact evaluations for the following four DAE projects were designed: Mexico (FMCN, SAP023), Senegal (BOAD, FP138), Nepal (AEPC, FP172), and Barbados (FP060).<sup>4</sup> The midline survey was completed for the FP026 project in Madagascar in summer in collaboration with Conservation International.<sup>5</sup> Another noteworthy achievement by the LORTA team in 2022 was the finalization of the baseline reports for Zambia (UNDP, FP072) and Bangladesh (UNDP, FP069). The endline data collection was completed for FP069 in Bangladesh in December 2022, and the LORTA team then commenced work on what will become the second impact evaluation report of LORTA. LORTA currently has 7 projects in the engagement and design stage, 7 in baseline, 8 in post-baseline stages.

29. **Key LORTA activities and engagements:** As part of its ongoing effort to support the AEs within its portfolio, the LORTA team actively engaged and interacted with the entities and project teams through virtual means and country visits. For example, country visits were done for Paraguay and Madagascar to support their data collection for impact evaluation and project monitoring and evaluation. The LORTA team in July 2022 completed the annual virtual design workshop with over 15 DAEs, one IAE (UNDP Bhutan), and more than 60 participants. As previously, the topics covered in this year's workshop included: the concept of an impact evaluation, how to construct a project's theory of change and outcome indicators, how to track a project's progress in real-time, and how to design an impact evaluation. Several guest speakers

<sup>3</sup> "Scaling up the use of Modernized Climate information and Early Warning Systems in Malawi" project.

<sup>4</sup> FMCN - *Fondo Mexicano para la Conservación de la Naturaleza A.C.*, BOAD - *Banque Ouest Africaine de Développement*; AEPC - Alternative Energy Promotion Center

<sup>5</sup> "Sustainable Landscapes in Eastern Madagascar" project

were invited to share their experiences in impact evaluations of climate, development and peacebuilding interventions; these speakers represented institutions such as J-PAL, International Security and Development Center (ISDC) and FAO.

30. In December 2022, the LORTA team also held an in-person workshop in Ethiopia, which focused on data collection and data analysis. Nine country teams participated in the workshop herewith increasing the capacities of 27 participants. During the workshop, information on and best practices of impact evaluation methodologies, implementation, monitoring, and the various procedures surrounding data collection were interactively presented. Furthermore, several opportunities were created for the exchange of project experiences and the adoption of the acquired knowledge to their respective project under the guidance of a specialist.

31. In terms of established partnerships, in 2022 LORTA signed 4 MoUs, in particular, with the Land Bank of the Philippines, BOAD, Caribbean Community Climate Change Center (CCCCC), and *Fondo Mexicano para la Conservación de la Naturaleza A.C.* (FMCN) for collaboration on the on-going impact evaluations, data sharing and other related activities.

32. **Learning from LORTA engagement in 2022:** While the IEU continues to provide support to GCF-funded activities, there were also delays observed with the implementation of LORTA impact evaluation activities in 2022. Factors for these delays that were identified by the IEU and project teams include limited country engagements and data collections partially due to the slow pace of project implementation and staff rotations. A few key lessons from the 2022 engagement are the following: (i) in-person interaction is a must for some of the LORTA activities; (ii) timely mid-course correction or restructuring by both the project teams and the LORTA team for its work is key to effective project implementation and impact assessment; (iii) early engagement presents both opportunities but also challenges for the LORTA team. It can be beneficial in the sense that the project teams can tailor their concept notes for evaluations early on, which could help strengthen the quality of projects at entry. But early engagement by LORTA may also be ineffective because the LORTA team cannot launch its impact evaluation work until the project becomes effective upon the Board's approval. The lessons are more explained in Annex 11 to this report.

#### 4.1.5 Evaluation Standards for the GCF

33. In 2022, the IEU developed the GCF Evaluation Standards in collaboration with the Secretariat as commissioned in paragraph 50 of the Evaluation Policy for the GCF. The purposes of the Standards are to enable the production of state-of-the-art evaluations with high-quality evidence and recommendations and provide consistency across different types of evaluation conducted by GCF stakeholders. Specifically, the Standards build capacities for AEs and support the implementation and operationalisation of the GCF Evaluation Policy. The IEU also exchanged on the draft evaluation standards with the United Nations Evaluation Group. The IEU reviewed the guidance provided by the UNEG to develop the initial drafts, then considered feedback and expertise from UNEG, international experts, and the evaluation offices of relevant climate funds and other international organizations. The IEU also engaged with the GCF Secretariat to develop the final drafts of the standards. This document contains 15 standards, including independence, impartiality and objectivity, ownership and participation, and two appendices. Appendix I lists suggested questions and indicators to review when assessing the application of the Standards, and Appendix II displays a list of non-exhaustive good practices that evaluations may refer to while implementing the Standards. The Standards came into force with the GCF Evaluation Policy in May 2022.

#### 4.1.6 Management action reports

34. As stipulated in the Evaluation Policy for the GCF, the Board “receives management action reports prepared by the IEU”. Management action reports (MARs) track the progress made in the adoption of recommendations contained in IEU evaluations and the Secretariat’s management response. The MAR includes a rating and commentary prepared by the IEU. The draft rating scales and commentaries are first shared and discussed with the GCF Secretariat. Comments provided by the Secretariat are inputs considered in the preparation of reports. The IEU prepared the following five management action reports which were delivered to Board meetings in 2022:

- (a) Management action report on the Forward-looking Performance Review of the GCF
- (b) Management action report on the Independent Evaluation of GCF’s Country Ownership Approach
- (c) Management action report on the Independent Evaluation of the GCF’s Environmental and Social Safeguards and the Environmental and Social Management System
- (d) Management action report on the Independent Assessment of the GCF’s Simplified Approval Process Pilot Scheme
- (e) Management action report on the Independent Rapid Assessment of the GCF’s Request for Proposals Modality

35. In addition, the IEU prepared the following five B. 35 management action reports for Secretariat review before the end of 2022:

- (a) Management Action Report on the Independent Evaluation of the Adaptation Portfolio and Approach of the Green Climate Fund
- (b) Management Action Report on the Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund's Investments in the Least Developed Countries
- (c) Management Action Report on the Independent Evaluation of the Green Climate Fund’s Approach to the Private Sector
- (d) Management Action Report on the Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund's Investments in the SIDS
- (e) Management Action Report on the Independent Synthesis of the GCF's Accreditation function

## 4.2 Capacity-building and advisory services

36. **The IEU is to support the development of evaluation capacity.** The IEU’s TOR requires the Unit to support the strengthening of the evaluation capacities of the GCF’s implementing entities. The IEU in 2022 developed the GCF Evaluation Standards, as stipulated by the Evaluation Policy for the GCF, based on consultations with the Secretariat and other stakeholders and drawing heavily from the state-of-the-art international evaluation practices. For this important achievement, the IEU held frequent, in-depth consultations with the Secretariat as well as with experts, including members of the United Nations Evaluations Group, independent experts, evaluation offices of other climate funds, and some Accredited Entities. The IEU also prepared their inputs for a Secretariat-organized webinar that took place in June 2022 on the Evaluation Policy for the GCF and relevant guidelines for the Accredited Entities.

37. **Capacity building.** The IEU in 2022 prepared a draft working paper on the evaluation capacities of DAEs of the GCF as part of its non-LORTA capacity-building efforts. The IEU also undertook a webinar with impact evaluation experts from IEU and select IAEs on value addition

of impact evaluations and their complementarity with other methods of evaluation. The IEU, in collaboration with the GCF Secretariat, piloted a capacity building workshop for an AE on the GCF's Evaluation Policy, Standards and Guidelines in December 2022. In addition, the IEU organized internal meetings with other Independent Units of the GCF (IIU and IRMU) to collaborate with them and create synergies in the three Units' efforts toward the capacity building of DAEs. The IEU continued to actively utilize digital collaboration tools such as Microsoft Teams and Zoom to engage with partners in this effort.

38. The IEU continues to provide capacity building advisory services on evaluation. The areas include methods and approaches of evaluations, data-collection and analysis for evaluations, costing or budgeting for conducting evaluations.

#### 4.2.1 Evaluation data

39. The IEU DataLab provides data-driven evidence using high-quality methods to inform IEU's rigorous evaluations. DataLab develops and maintains a repository of quantitative and qualitative data originating from the GCF systems and documents, as well as external sources. As several of GCF's systems are still under development, IEU data management relies heavily on interdepartmental collaboration and data provision from relevant divisions and offices of the Secretariat.

40. **Informing evaluations.** In 2022, DataLab conducted data collection and analysis for the following evaluations: (i) Second Performance Review of the Green Climate Fund, (ii) Independent Synthesis of Direct Access in the Green Climate Fund, and (iii) Independent Evaluation of the Relevance and Effectiveness of the GCF's Investments in the African States. Following the approval of the 2023 work plan of the IEU at B.34, DataLab conducted a preliminary data availability assessment for the approved IEU evaluations for 2023, namely, i) the Independent Evaluation of the GCF's approach to the Energy Sector, ii) the Independent Evaluation of the RPSP, iii) the Independent Evaluation of the GCF's Investment Framework.

41. **Data management and acquisition.** DataLab continued to update its own data repository. To address gaps in evidence available from machine-readable data from GCF's ICT systems, DataLab developed and maintained its own datasets to inform the various questions posed by the evaluation teams of the Unit. DataLab also expanded its external data sets throughout the year and made several revisions to the relevant metadata, including the metadata on readiness, country ownership, GCF indicators and finances, and the GCF Secretariat and iTAP assessments of FPs.

42. **Geospatial methods.** DataLab in 2022 piloted new methodological approaches that use geospatial methods and country-level data to assess the targeting and impact of the GCF's portfolio. To inform the IEU evaluations about existing spatial patterns of GCF projects, DataLab examined the alignment of the Fund's portfolio with country vulnerabilities (e.g., water security) as well as with improvements in energy access across GCF-eligible countries. DataLab commenced its work on developing a GIS methodology manual in 2022, and this will carry over to 2023. The GIS methodology manual will, among other things, delineate key approaches pertaining to the use of GIS data in IEU for GCF projects.

#### 4.2.2 Learning papers and evidence reviews

43. Learning papers and global evidence reviews are important tools in disseminating worldwide lessons learnt. The IEU produced the materials listed below in 2022, either alone or in collaboration with IEU partners.
44. In 2022, the following IEU learning papers and products<sup>6</sup> were prepared:
- (a) **“The Deciding Factor: Analysing the Number of Modality of Decisions Made by the Board of the Green Climate Fund”** This paper looks at the governance and institutional architecture of GCF and presents an exploratory review of the nature and scope of decisions made by the GCF Board during the period of 2020-2021. The paper applies an analytical framework based on previous reviews of the governance of international organizations to GCF Board decisions taken in 2020-2021, finding that the period 2020-2021 saw the Board take a high number of between Board meeting (BBM) decisions, including on policy items, and that the number and type of decisions varied significantly across Board meetings (including BBMs).
  - (b) **“Introducing Geospatial Footprint of the GCF’s Portfolio: Project Location Geocoding Methodology”** This paper discusses the use of geospatial data to improve targeting, planning, policymaking and the management of risk. It outlines how the IEU DataLab identifies the sub-national geographical location of GCF projects by reviewing approved project documentation, including climate finance flows and distribution at the sub-national level. The paper indicates that only 47 per cent of GCF projects disclose the sub-national location of the project. It also reviews various possible sources for project location information. The paper highlights the need for a standardized unit of measurement, approaches for harmonizing geodatabase inputs and the geocoding process’s main steps.
  - (c) **“A Summary of the Evaluability of the Green Climate Fund Proposals”** This learning paper assesses the evaluability and quality at entry of GCF projects. The IEU conducted an ‘evaluability’ study of the GCF portfolio to assess the quality of funding proposals. The results aim to inform the GCF investment criteria, to support evidence-based learning opportunities into GCF projects and processes, and to inform the implementation and overall impact of GCF resources. The evaluability study found that most proposals explicitly or implicitly outline their programme logic and provide reasonable substantiation for the credibility of their claims about causal pathways, with results skewed towards medium-low risks when assessing the theory of change (TOC). Some of the approved funding proposals do not cite good evidence to support their causal claims presented in project documents. Furthermore, more than half of the current reporting requirements are sufficient for regular M&E for assessing whether the data collection and reporting processes outlined in the funding proposals are adequately rigorous to help identify the causal effects of the GCF investment. However, while the data collection and reporting requirements are primarily deemed sufficient for overall M&E, there is a need to improve the transparency and level of vigilance to enable a full-fledged evaluation.
45. In 2022, the IEU also produced two evidence reviews<sup>7</sup>. The first one looked at project interventions that seek to promote women’s empowerment in developing countries. The second evidence review was on behavioural science interventions in developing countries. Each evidence review includes five products: an approach paper, an evidence gap map, a protocol for

<sup>6</sup> Available at <https://ieu.greenclimate.fund/advice-data/learning-papers>

<sup>7</sup> Available at <https://ieu.greenclimate.fund/evaluations/evidence-reviews>

a systematic review, the systematic review itself, and an interactive online visual tool to explore the landscape of studies across intervention and outcome areas. Full details of our findings are shown in Annex 12.

46. The evidence review on women’s empowerment shows there is a large amount of evidence on economic interventions and capacity-building interventions, including a high number of impact evaluations and systematic reviews. But there is a dearth of evidence on policy and institutional interventions. In terms of outcomes, there is very little evidence on women’s representation in political bodies, digital access and access to justice. The systematic review on women’s empowerment focused on life skills interventions, which are defined as the abilities for adaptive and positive behaviour that enable individuals to deal effectively with the demands and challenges of everyday life. The review found that life skills interventions had a significant and positive impact on women’s psycho-social well-being, self-worth, attitudes towards gender issues, and self-leadership. The review also found that life skills interventions had a significant and positive impact on sexual and reproductive health and rights (SRHR), access to finance, and employment.

47. On the evidence review on behavioural science interventions in developing countries, the evidence and gap map on behavioural science interventions found a limited number of studies (84 in total). The most evaluated interventions are reminders, feedback and micro-incentives. Most studies are from sub-Saharan Africa and east Asia and the Pacific and are in the WASH sector, finance, energy, mining and agriculture. The systematic review on behavioural science interventions focused solely on the effects of feedback, reminders and goal-setting interventions. The most significant intervention types are feedback and reminders, particularly in relation to the outcomes of electricity and water consumption. The review found no significant effects from goal-setting interventions. Overall, feedback and reminders are an effective approach for making positive changes in behaviour to support mitigation and adaptation interventions.

## 4.3 Uptake, communications and partnerships

### 4.3.1 Communications milestones

48. The IEU produces a wide range of communications products tailored to the needs of its broad spectrum of stakeholders. Such products include print and online publications, newsletters, press releases, and promotional materials for internal and external engagement. Additionally, the IEU continues to update its microsite and maintain a solid presence on social media platforms. These outreach activities and materials disseminate the IEU’s evaluations, support their uptake, and serve the IEU’s broader learning and advisory function. They also enhance the Unit’s profile and presence in the international climate finance landscape.

49. **Publications:** The IEU is mandated to synthesize the findings and lessons learned from its evaluations to inform the Board and the Secretariat, NDAs, implementing entities and observer organizations, as well as stakeholders. In keeping with this mandate, the IEU provides syntheses of its evaluation findings and recommendations in the form of synthesis briefs and notes.

50. **IEU microsite:** The IEU maintains its own microsite [ieu.greenclimate.fund](http://ieu.greenclimate.fund), and seeks to improve the user experience with the microsite, the ease of navigating the site and the accessibility of IEU reports and publications. In 2022, several changes were made to the microsite, including the addition of a search box for every single page of the microsite to help users type in their search terms easily. In 2022, the top menu ‘Publications and Documents’ also went fully operational, allowing visitors to use the tab to easily access all IEU publications

including the various operational and policy related documents of the Unit through relevant categories. Further, the ‘evaluation’ pages of the microsite were updated and reorganized throughout 2022. It now includes relevant GCF Board decisions for each IEU evaluation conducted and post-evaluation follow up information and documentation, such as the GCF Secretariat’s response to evaluations and IEU’s management action reports. These additions were made to enhance the transparency of information and track the accountability of evaluations. In 2022, more than 16,000 users from 183 countries accessed the IEU microsite, which is a 7 per cent increase from the year before. Some of the most visited (sub)-pages were: “All Evaluations”, “LORTA”, “LDCs Evaluation” and the “SPR Evaluation” pages.

51. **Social media:** The IEU’s presence on multiple social media platforms enables the Unit to reach a wide range of stakeholders, including members of global evaluation networks and associations, other climate funds and international organizations, the evaluation offices of United Nations agencies, and AEs, NGOs, and academia. One of the noteworthy findings from the review of IEU’s social media analytics for 2022 was that social media served as an important driver of downloads of the IEU’s evaluation reports and other knowledge products. In 2022, the IEU started tracking the growth of its social media platforms in a more systematic manner. The Unit identified LinkedIn as a key channel for disseminating information about the IEU’s work and engaging with other professionals in the evaluation and climate change space.

- (a) **Twitter:** The IEU’s Twitter account has over 1,400 followers located in more than 110 countries. Regular interactions with the IEU’s Twitter account (including likes, retweets, and mentions) come from global and regional evaluation networks and organizations, including the United Nations Evaluation Group, European Evaluation Society, African Development Bank’s Independent Development Evaluation, United Nations Population Fund Evaluation Office, and the Asian Development Bank’s (ADB) Independent Evaluation Department.
- (b) **LinkedIn:** The IEU’s LinkedIn followership grew significantly in 2022. Between January and December 2022, the IEU gained 1,579 new followers on LinkedIn. This increase is significant because LinkedIn is where a lot of professional and technical exchanges are made, and evaluators and climate finance experts from other international organizations and climate funds read about and discover the IEU’s evaluation reports and knowledge products.
- (c) **YouTube:** The IEU’s YouTube channel is home to 234 videos and recordings of webinars and conferences that provide information about every aspect of the IEU’s work. These videos are effective means of communicating the findings and lessons learned from the IEU’s evaluations. In 2022, the videos attracted more than 7,400 views from around the world. Currently, the IEU’s YouTube channel has nearly 400 subscribers.

52. **Communicating IEU’s evaluations and learnings in different languages.** To better communicate with the GCF’s global stakeholders, the IEU continues to expand the number and range of products available in multiple languages. In 2022, the IEU produced the translated version of the GCF Evaluation Standards in French and Spanish,<sup>8</sup> as well as the 4-page GEvalBrief of the completed LDCs evaluation in French, Spanish and Arabic.<sup>9</sup>

#### 4.3.2 Partnerships

53. Partnerships and collaboration are critical to ensure that the IEU delivers effective evaluations, contributes to its own and the GCF’s learning, and builds the capacity of in-country

<sup>8</sup> Available at <https://ieu.greenclimate.fund/document/green-climate-fund-evaluation-standards>

<sup>9</sup> Available at <https://ieu.greenclimate.fund/document/gevalbrief-12>

agencies. Partners also provide the opportunity, depending on the stakeholders in question, to extend greater understanding, outreach and uptake of IEU recommendations and, critically, to better their perceptions of the IEU. The TOR of the IEU provides that it will establish closer relationships with the independent evaluation units of the implementing entities, and relevant stakeholders, and will seek to involve them in their activities wherever feasible and appropriate.

54. The IEU, to date, has memoranda of understanding (MoU) and agreements with 25 AEs, NDAs, universities, research institutes, government ministries, civil society organizations, multilateral and bilateral agencies, and the independent evaluation offices of AEs. In 2022, the IEU newly signed 5 MoUs in relation to various aspects of the IEU's work. In relation to LORTA, the IEU signed MoUs with the following organizations: the Land Bank of the Philippines, *Banque Ouest Africaine de Développement*, Caribbean Community Climate Change Center, and *Fondo Mexicano para la Conservación de la Naturaleza A.C.* (FMCN). MoUs were also signed with The Graduate School of International Studies, Ewha Womans University (Ewha GSIS), and Incheon National University (INU) in order to foster partnerships locally for sharing evaluation experience and methods and disseminating information through learning events. The full list of IEU partners is available in Annex 2.

55. To utilize and bring together its network of partners, the IEU hosted a virtual event with its partner organizations in March 2022. Participants included representatives from the IEU's partner organizations, including Incheon National University, Food and Agriculture Organization, The Climate Investment Funds, Government of Antigua and Barbuda, International Union for Conservation of Nature, Seoul National University, German Institute for Development Evaluation (DEval), Busara Center for Behavioral Economics, International Development Evaluation Association (IDEAS), amongst others. The meeting provided an opportunity for the IEU and its partners to share updates, develop networks and explore opportunities for collaboration.

#### 4.3.3 Engagements, events and conferences

56. In line with the TOR and the Evaluation Policy for the GCF, the IEU regularly engages in events, conferences, and activities in order to promote the uptake of evaluative evidence and learning. The IEU took part in UNFCCC COP27 and other international conferences in order to disseminate lessons learnt from evaluations. It also engaged with evaluation networks during conferences, workshops and meetings, and organized learning opportunities within the GCF ecosystem and capacity building events targeting GCF partners and stakeholders.

57. In order to disseminate lessons learnt from evaluations, the IEU actively participated in COP27. The IEU hosted and co-hosted eight events at the GCF-GEF Pavilion and at the Pavilions of Republic of Korea, South Africa, Namibia, and Zambia. IEU panel discussions in these events featured representatives from the GCF Secretariat and the Board, other climate funds, evaluation organizations, AEs, DAEs, and government representatives. These included personnel from Adaptation Fund, DEval, European Bank for Reconstruction and Development, Commonwealth Secretariat, and representatives of the governments of Fiji and Vanuatu. They covered a range of topics relating to the recently completed and ongoing IEU evaluations, including the evaluations looking at the relevance and effectiveness of GCF's investments in the African States, the LDCs, the SIDS, as well as the evaluations that assessed the GCF's approach to adaptation and the private sector, its direct access modality and performance during GCF-1. A wide range of GCF stakeholders attended the IEU events at COP27, including other climate funds, civil society, academia, AEs, DAEs, NDAs, private sector, and government representatives from Finland, Laos, Burkina Faso, Jamaica, Kyrgyzstan, among others. In addition to the Pavilion events, the IEU Head spoke on private sector finance and climate action at an official side event

hosted by the Commonwealth Secretariat in collaboration with the Governments of Namibia, Saint Lucia and Zambia.

58. In addition to UNFCCC COP27, the IEU participated in several other international conferences relating to GCF's work. These include the UNFCCC Africa Climate Week, IUCN Leaders Forum on nature-positive solutions, and RAMSAR Convention on Wetlands COP14 on climate finance in biodiversity and adaptation. In these conferences, several IEU team members presented evaluative evidence and learning on topics including the private sector, adaptation, climate finance in the LDCs and the SIDS, women's empowerment, behavioural interventions for climate action, and the GCF Evaluation Policy.

59. The IEU is mandated to actively participate in relevant international evaluation networks. In this regard, IEU representatives participated in international conferences including the European Evaluation Society biennial conference, 2022 Asian Evaluation Week, 2022 gLOCAL Evaluation Week, and the UNDP National Evaluation Capacities Conference. Team members also took part in workshops and learning initiatives by other evaluation offices, including the Transformational Change Learning Partnership (TCLP) coordinated by the CIF. Notably, in 2022, the IEU gained membership of the United Nations Evaluation Group. Participation and close engagement throughout the year helps ensure that the IEU is at the frontier of evaluation practice and that it benefits from relevant initiatives undertaken by other evaluation units.

60. In an effort to promote uptake of evaluative evidence, foster a culture of learning, and build capacity within the GCF ecosystem, the IEU organized and facilitated 34 events in 2022. This includes 22 IEU webinars as well as learning talks designed to engage the GCF Secretariat and other IUs in an open discussion relating to IEU work. In August 2022, the IEU restarted its Learning Talk series. These monthly hybrid panel discussions attracted 70 participants on average and covered topics including programmatic approaches in climate and environment, project risks, GCF's request for proposals modality, and the readiness and preparatory support programme. The early findings from the IEU's evidence reviews for 2022 were presented at a range of events including the IDEAS conference, Campbell webinar series and What Works Global Summit. The IEU also held two in-person side events at GCF Board meetings and five Board webinars. These events were designed to provide participants with an overview of recent and ongoing IEU evaluations, their findings, and conclusions. Finally, the IEU also facilitated a number of non-LORTA related capacity building events for GCF partners and stakeholders, including a webinar on impact evaluations, and an IEU partners meeting. See Annex 3 for a full list of IEU webinars and side events held in 2022.

## 4.4 Building and strengthening the IEU

### 4.4.1 Staffing

61. In 2022, the IEU recruited the following positions: three Evaluation Specialists, a Communications and Uptake Associate, a Policy and Uptake Associate, an Executive Assistant, and a Junior Researcher – Behavioural, Qualitative. The Unit was also able to finalize the selection of the Evaluation Advisor, and the Board's selection of Mr. Andreas Reumann as the Head of the Unit was officially announced during B.34. The IEU's hiring will continue to fill the Board-approved 26 staff positions for 2022. Accounting for staff and consultant turnover, at the end of 2022, the IEU had 16 staff, three Songdo-based consultants and three interns. The Unit is still seeking to recruit two unfilled staff positions from the 2022 workplan.

#### 4.4.2 IEU internship programme

62. As a part of the larger GCF internship programme, the IEU internship offers young graduates an opportunity to learn and grow by supporting the development and undertaking of evaluations for six months. In 2022, three interns newly joined the Unit – two in July and one in August. In addition to a final report at the end of the internship, IEU interns are responsible for drafting and distributing a weekly internal report that provides an update on the tasks assigned in the previous week. The IEU’s monthly Interns Day programme allows the interns to put aside their usual day-to-day tasks and learn about other areas of the IEU’s work, the GCF, or climate change. For the Interns’ Day Programme in December, the IEU interns visited the Incheon City Hall and had a site visit to the local Namdong Industrial Complex and learned about how Incheon City is managing waste and trying to reduce the air and water pollutants. Throughout the year, the IEU interns also had a chance to visit other international organizations within the G-Tower, such as the East Asian-Australasian Flyway Partnership (EAAFP) Secretariat, and to attend relevant conferences such as the IUCN Leaders Forum for their learning.

#### 4.4.3 Team building retreats and training

63. Two in-person team building retreats were held in 2022, one in July and the other in November for all staff, interns and consultants. In July 2022, the IEU held a two-day team retreat themed around effective communication, collaboration, and team resilience. Following this retreat, the team organized several facilitated coaching sessions for the three workstreams of the Unit. These coaching sessions, facilitated by an external consultant, took place in the August – November period with the aim of increasing the effectiveness and cohesiveness of the workstreams. The IEU team members took the learning from the July team retreat and the coaching sessions to the final team retreat of the year that took place from 23 to 25 November, and used the insights and lessons learned to plan for the year 2023. In the November workshop, the updated organizational structure of the Unit and cross-sectoral roles and communications were also discussed and refined collectively. Following the conclusion of the November workshop, the workstreams had a chance to propose and discuss a workplan for their workstream.

#### 4.4.4 Other training

64. Throughout 2022, the IEU members participated in various training programmes. Earlier in the year, in addition to the GCF’s mandatory online training on sexual exploitation, sexual abuse, and sexual harassment (SEAH), some members of the IEU took part in a four-day communications training offered by the Office of Human Resources. In August, some IEU members took part in the GCF training titled ‘Effective interviewing: training for hiring managers and panel members’ with the aim of honing and further improving their skills in interviewing candidates for any hiring, recruitment processes.

## V. Looking ahead to 2023

65. The IEU’s achievements in 2022 provide a firm foundation for its activities in 2023. The IEU’s work programme during the next 12 months will be challenging but rewarding. With the 2023 Workplan of the IEU, the Unit provided an updated organogram. The IEU is structured in the following four workstreams, underpinning all IEU-led independent evaluations and reviews.

66. The IEU’s 2023 work plan lists four objectives:

- 
- (a) **Objective 1: Building and strengthening the IEU.** In 2023, the IEU will undertake evaluations, capacity building and learning work. The IEU is expected to have 26 staff members of varied experience and expertise in 2023. The IEU is also on track to stabilize team strength and reach a plateau in the following year. In line with best practices and the Evaluation Policy, the IEU will commission a peer review of the evaluation function of the GCF, which will allow the GCF to learn, adjust and improve in its evaluative work.
- (b) **Objective 2: Evaluations.** Following its three-year rolling work plan, the IEU will undertake three evaluations in 2023, besides the continuation of the LORTA programme and a peer review of the GCF's evaluation function. The Unit will deliver independent evaluations in a phased manner for Board's consideration. The purpose of these evaluations will be to support the Board by providing it with credible evaluation evidence on the performance of the Fund and to ensure that the Fund is learning in real-time. The three evaluations include (i) Independent Evaluation of the GCF's operations in energy sector; (ii) Independent Evaluation of the GCF's Investment Framework; (iii) Independent Evaluation of the GCF's Readiness and Preparatory Support Programme. The IEU will deliver these evaluations in 2024. Additionally, the IEU is expected to continue impact evaluations of GCF funded activities under the IEU's LORTA programme.
- (c) **Objective 3: Capacity building and advisory services.** The IEU hosted several capacity-building workshops for the measurement of GCF results and will continue to do this in 2023 through its LORTA programme. The LORTA workshops so far have taken the form of customized trainings for AEs, project staff, GCF Secretariat and other global experts. In order to dovetail impact evaluation-related capacity development work through LORTA, in 2023, the IEU plans to conduct other types of work relating to capacity-building. The IEU will carry out a capacity needs assessment of AEs in consultation with the relevant Divisions of the Secretariat and other IUs. This work is likely to include the undertaking of a diagnostic assessment of the existing evaluation capacities of AEs, in particular DAEs, and the identification of gaps that exist in meeting the accountability and learning needs of the AEs vis-à-vis the GCF. Based on this assessment, IEU plans to develop an evaluation related capacity-building action plan for 2024-2026 to provide a long-term strategic approach to achieve this objective. In parallel, in addition to the training module on impact evaluation developed under the IEU's LORTA programme, the Unit is expected to develop training modules that focus on evaluation related capacity-building and include discussions on (i) the theory of change of interventions, (ii) evaluation methods and approaches, (iii) costing and budgeting for evaluations, (iv) data collection for evaluations, and (v) the GCF's Evaluation Policy and Standards. These modules will be piloted through 2023 workshops with AEs and DAEs that require urgent capacity-building support in particular. In 2023, the IEU also plans to undertake an evidence review of interventions in the water sector and another one on Just Transition.
- (d) **Objective 4: Uptake, communications and partnerships.** In 2023, the IEU will further strengthen its efforts towards effective knowledge management, sharing of lessons learnt, and uptake of evidence and evaluation findings. With the IEU's role as an evidence and knowledge broker, firstly, the IEU will aim to produce new content formats for more effective Board engagement and reporting. The IEU will synthesize and disseminate lessons from across the completed evaluations through Board side events and other engagements with the GCF Board, the wider GCF ecosystem, and other evaluation networks. The Unit will continue to produce quarterly e-newsletters (What's New with the IEU), the IEU's activity reports and annual reports. Secondly, the IEU will strengthen efforts to increase the uptake and use of its evaluations and encourage

learning within the GCF ecosystem and in the international space. Thirdly, the IEU will strengthen their strategic outreach to new and existing partners and networks in the climate science and finance arena.

## Annex 1: IEU's budget and expenditure in 2022

The table below shows the IEU's 2022 budget and the expenditure report as of 31 December 2022 in USD.

**Table 1: IEU's budget and expenditure in 2022**

Category	2022 Board approved budget	Disbursed	%	Remaining budget
<b>Staff costs (a)</b>	<b>4 145 088</b>	<b>3 426 241</b>	<b>83%</b>	<b>718 847</b>
Full-time staff <sup>1</sup>	3 640 213	2 994 182	82%	646 031
Consultants and interns <sup>2</sup>	504 875	432 059	86%	72 816
<b>Travel (b)</b>	<b>218 915</b>	<b>201 823</b>	<b>92%</b>	<b>17 092</b>
<b>Contractual services (c)</b>	<b>1 432 500</b>	<b>1 206 613</b>	<b>84%</b>	<b>225 887</b>
Legal and professional services	1 386 000	1 150 032	83%	235 968
Operating costs	46 500	56 581	122%	-10 081
<b>Shared cost allocation (d)</b>	<b>690 509</b>	<b>655 161</b>	<b>95%</b>	<b>35 348</b>
<b>Grand Total (a+b+c+d)<sup>3</sup></b>	<b>6 487 012</b>	<b>5 489 838</b>	<b>85%</b>	<b>997 174</b>

Note: The budget and expenditure report excludes the SPR budget.

<sup>1</sup> Staff costs include staff salaries, benefits, staff training and development costs.

<sup>2</sup> Consultants costs include consultants and interns' fees, benefits and travel costs.

<sup>3</sup> The expenditure report was not audited as of 31 December 2022.

The IEU's actual expenditure for the reporting period amounted to USD 5.49 million against an approved 2022 annual budget of USD 6.5 million (85 per cent).

Travel costs totaled 92 per cent of the approved budget as COVID-19 restrictions eased and the IEU resumed travel in 2022.

Despite the recruitment challenges, the IEU successfully hired five key staff positions, increasing the full-time staff headcount to 16.

In 2022, the IEU delivered two evaluations from its core budget; the independent evaluation of the relevance and effectiveness of the GCF's investments in the African States, and the Independent Synthesis of Direct Access in the Green Climate Fund in addition to LORTA, which is a rolling evaluation. These evaluations were supported by individual consultants and professional firms together with IEU staff members.

**Table 2: Expenditure of budget for the SPR as of 31 December 2022 (USD)**

Category	SPR budget approved by the Board in 2021	Disbursed	%	Remaining budget
<b>Travel (a)</b>	<b>325 000</b>	<b>15 555</b>	<b>5%</b>	<b>309 445</b>
General	325 000	15 555	5%	309 445
<b>Contractual Services (b)</b>	<b>990 000</b>	<b>632 661</b>	<b>64%</b>	<b>357 339</b>
Legal and professional services	960 000	632 661	66%	327 339
Operating costs	30 000	265	1%	29 735
<b>Total (a+b)</b>	<b>1 315 000</b>	<b>648 481</b>	<b>49%</b>	<b>666 519</b>

Note: The Second Performance Review budget is a multiyear budget from the year 2021 to December 2023.

The SPR execution rate as of 31<sup>st</sup> December 2022 was 49 per cent of the approved of USD 1,315,000. Utilization of this budget is expected to continue for 2023.

In 2022, the IEU submitted four SPR deliverables which included an approach paper, a rapid assessment of the progress of the GCF's Updated Strategic Plan, a synthesis study and a summary report.

## Annex 2: IEU's formal partnerships

<b>Partner</b>	<b>Type of partnership</b>
<i>Banque Ouest Africaine de Développement</i>	MOU
Busara Center for Behavioral Economics Inc.	MOU
Caribbean Community Climate Change Center	MOU
Central American Bank for Economic Integration (CABEI)	MOU
Center for International Forestry Research (CIFOR)	MOU
Climate Investment Fund (CIF)	Learning partnership
Development Bank of Southern Africa (DBSA)	MOU
German Institute for Development Evaluation (DEval)	MOU
Global Development Network (GDN)	MOU
Government of Antigua and Barbuda, represented by the Department of Environment (DoE)	MOU
<i>Fondo Mexicano para la Conservación de la Naturaleza A.C. (FMCN)</i>	MOU
Incheon National University (INU)	MOU
International Centre for Integrated Mountain Development (ICIMOD)	MOU
International Development Evaluation Association (IDEAS)	Membership
International Union for Conservation on Nature and Natural Resources (IUCN)	MOU
Land Bank of the Philippines	MoU (LORTA)
Office of Evaluation (OED) of the Food and Agriculture Organization of the United Nations (FAO)	MOU
Rwanda Ministry of Environment	MOU
Seoul National University Global Research and Development Business Center	MOU
Stockholm Environment Institute (SEI)	MOU
The Graduate School of International Studies, Ewha Womans University (Ewha GSIS)	MOU
The King Climate Action Initiative of the Abdul Latif Jameel Poverty Action Lab	MOU

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<b>Partner</b>	<b>Type of partnership</b>
University of Warwick	MOU
United Nations Evaluation Group (UNEG)	Full member
Women Organizing for Change in Agriculture and Natural Resource Management	MOU

### **Annex 3: List of 2022 internal events organized by the IEU and external events that the IEU participated in**

<b>Month</b>	<b>Event</b>	<b>Type</b>
January	Wilton Park Event: “The nexus of international development and climate action”	External
February	Wilton Park Event: “Making transformational change for climate action post COP26 – How?”	External
	Second Performance Review (SPR) of the GCF and the LDCs evaluation	IEU Event for Secretariat
	Second Performance Review (SPR) of the GCF	IEU Event for GCF Board
	Evaluation of the Relevance and Effectiveness of the GCF’s Investments in the Least Developed Countries (LDCs)	IEU Event for GCF Board
March	2022 Meeting of IEU Partners	IEU organized
	IEU B.31 Side Event: Report of the Synthesis Study: An IEU Deliverable Contributing to the Second Performance Review of the Green Climate Fund	IEU Event for GCF Board
April	IEU eSPresso: SPR Synthesis Report - Access to the GCF	IEU Event for Secretariat
	IEU eSPresso: SPR Synthesis Report - Governance within the GCF	IEU Event for Secretariat
	IEU eSPresso: SPR Synthesis Report - Implementing and managing risks and results	IEU Event for Secretariat
	IEU eSPresso: SPR Synthesis Report - Programming in the GCF	IEU Event for Secretariat
	IEU eSPresso: SPR Synthesis Report - Complementarity and Coherence	IEU Event for Secretariat
May	Webinar introducing the ‘Independent evaluation of the relevance and effectiveness of the GCF’s investments in the African States’ and the ‘Independent Synthesis of Direct Access in the GCF’	IEU Event for Secretariat
	Webinar introducing the ‘Independent evaluation of the relevance and effectiveness of the GCF’s investments in the African States’ and the ‘Independent Synthesis of Direct Access in the GCF’	IEU Event for Secretariat
	TCLP Webinar on Transformational Climate Finance	External



Month	Event	Type
June	gLOCAL Evaluation Week 2022: “Lessons from Impact Evaluations of Climate Change Interventions”	External
	The 14th European Evaluation Society Biennial Conference: Evaluation at a Watershed: Actions and Shifting Paradigms for Challenging Times <ul style="list-style-type: none"> <li>• “Transformational Climate Action”</li> <li>• “Climate Change Adaptation: From Evaluation to Action”</li> <li>• “From Neutral Observers to Advocates, Truth Speakers, and Agents Provocateurs: What Role Should Evaluators Play? Reflections Around Evaluation Policies”</li> <li>• “Small Islands, Big Finance, and Climate Change: Evaluation of Green Climate Fund in the Small Island Developing States”</li> </ul>	External
	IFAD Conference: Jobs, Innovation and Value Chains in the age of Climate Change: “Studies of the Effectiveness of Interventions for Promoting Women’s Empowerment in Developing Countries: An Evidence and Gap Map”	External
	Campbell Webinar Series 2022: “An evidence and gap map of evaluations of interventions to increase women’s empowerment”	External
July	LORTA Virtual Design Workshop – Webinar 1: What are LORTA and impact evaluations? What LORTA can offer to the projects approved by GCF	LORTA Workshop
	LORTA Virtual Design Workshop – Webinar 2: Theory of change, evaluation questions and indicators	LORTA Workshop
	LORTA Virtual Design Workshop – Webinar 3: Experimental and non-experimental impact evaluation methods	LORTA Workshop
	LORTA Virtual Design Workshop – Webinar 4: Monitoring; Timeline and Budget; Ethics and other evaluation standards	LORTA Workshop
	LORTA Virtual Design Workshop – Webinar 5: Rapid-fire presentations (1st session)	LORTA Workshop
	LORTA Virtual Design Workshop – Webinar 6: Rapid-fire presentations (2nd session)	LORTA Workshop
	Webinar on the approach of the Independent Evaluation of the Relevance and Effectiveness of the GCF’s Investments	IEU Event for Secretariat

Month	Event	Type
	in the African States and the Independent Synthesis of Direct Access in the GCF	
August	Africa Climate Week 2022	External
	Learning Talk on programmatic approaches in environment and climate to identify what the GCF can learn from other multilateral organizations	IEU Event for Secretariat
	Webinar on the Unit's update of its activities and 2023 draft workplan	IEU Event for Secretariat
September	Wilton Park Transformational Change Series	External
	PICAN Technical Training Session: Climate redress in the Pacific with the IRM	External
	Asian Evaluation Week 2022: Reframing Evaluation for Green, and Resilient Recovery <ul style="list-style-type: none"> <li>• Session 9: "Transformational change"</li> <li>• Session 11: "Evaluating climate finance – which influence for the institution?"</li> <li>• Session 14: "Making climate finance and adaptation work for the small island developing States (SIDS) and the least developed countries (LDCs)? Lessons from evaluations (GCF)"</li> </ul>	External
	GCF Global Programming Conference 2022 <ul style="list-style-type: none"> <li>• "Organizational journey through the lens of the portfolio and organizational evaluations."</li> <li>• "Evaluation policy and expectations of the Fund"</li> </ul>	External
	IDEAS Conference and Global Assembly 2022 <ul style="list-style-type: none"> <li>• "Evaluations for Climate: experience of the GCF Independent Evaluation Unit on standard setting and capacity needs"</li> <li>• "IEU Evidence Gap Map on the effectiveness of interventions promoting women's empowerment"</li> </ul>	External
	IEU Learning Talk: Risk Management and Early Warning Signals at the GCF	IEU Event for GCF Board
October	TCLP workshop: "Transformational Change"	External
	IUCN Leaders Forum: Building nature-positive economies and societies: "Climate Urgency: what are we learning	External

Month	Event	Type
	from community-led adaptation, transboundary climate action and climate finance?"	
	<p>What Works Global Summit 2022: Recovery and resilience in crisis</p> <ul style="list-style-type: none"> <li>• “Real-Time: Lessons from Impact Evaluation of Climate Change Interventions”</li> <li>• “Evidence review on behavioural change in developing countries”</li> <li>• “Evaluation capacity-building efforts at the GCF”</li> </ul>	External
	<p>Global Green Growth Week 2022</p> <ul style="list-style-type: none"> <li>• “Role of National Financing Vehicle in Mobilizing Climate Finance &amp; a Look at GCF’s Private Sector Approach”</li> <li>• “Climate Action: Enhancing Adaptation Capacities from Planning to Action “</li> </ul>	External
	<p>UNDP National Evaluation Capacities Conference 2022</p> <ul style="list-style-type: none"> <li>• “Rethinking evaluation to address the crisis in the Anthropocene”</li> <li>• “What can we learn from Sectoral Evaluation systems”</li> </ul>	External
	IEU Board Webinar: SPR Summary Report	IEU Event for GCF Board
	IEU eSPresso: SPR Summary Report – Governance in the GCF	IEU Event for Secretariat
	IEU eSPresso: SPR Summary Report – Access to the GCF	IEU Event for Secretariat
	IEU eSPresso: SPR Summary Report – Programming in the GCF	IEU Event for Secretariat
	IEU eSPresso: SPR Summary Report - Results	IEU Event for Secretariat
	IEU eSPresso: SPR Summary Report – Areas of Recommendation	IEU Event for Secretariat
	B.34 Side Event: IEU Management Action Reports	IEU Event for Secretariat
	Board webinar on the emerging findings of the independent evaluation of the relevance and effectiveness of the GCF’s investments in the African States	IEU Event for GCF Board
	IEU Board Webinar: Emerging findings of the Independent Synthesis of Direct Access in the Green Climate Fund	IEU Event for GCF Board

Month	Event	Type
	Webinar on Impact Evaluations – Lessons Learnt from IEU’s LORTA Programme and Other International Organizations	IEU Event for Secretariat
November	Ramsar: Convention on Wetlands COP14 <ul style="list-style-type: none"> <li>• “Finance for Adaptation, Biodiversity and Wetlands: what are we learning from evaluations”</li> <li>• “Mobilising climate finance for biodiversity and wetlands: Lessons from evaluations”</li> <li>• “Capturing climate co-benefits of wetlands”</li> </ul>	External
	UNFCCC COP 27 <ul style="list-style-type: none"> <li>• “Performance Review Inputs to the GCF’s Second Programming Cycle”</li> <li>• “Accessing the GCF: Lessons from Evaluations”</li> <li>• “Direct Access in the GCF: Evaluative Lessons and Other Insights”</li> <li>• “How can climate finance work better for vulnerable states? Lessons from evaluations”</li> <li>• “GCF’s Investments in Africa: What are we learning on Direct Access, Country Ownership, and Results?”</li> <li>• “Mobilizing climate finance for adaptation and biodiversity conservation”</li> <li>• “Lessons learnt from independent evaluations of the Green Climate Fund: Vulnerable Countries”</li> <li>• “Lessons learnt from independent evaluations of the Green Climate Fund Second Performance Review”</li> </ul>	External
	IEU Learning Talk: Financing Technology Innovation for the Climate - A Request for Proposals	IEU Event for Secretariat
December	IEU Learning Talk: Readiness and Preparatory Support of the GCF	IEU Event for GCF Board

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## Annex 4: Communications materials published in 2022

### Blogs and news articles

- 14 January 2022: Uptake matters: Why evidence and communications go hand in hand
- 15 March 2022: Focus Climate Finance on Results
- 25 March 2022: B.31 Data Outlook - Funding proposals for Board's consideration and relevant highlights from IEU evaluations
- 21 April 2022: A Behaviour and Design Toolbox
- 04 May 2022: Enhancing the capacity of GCF accredited entities through the pandemic - What does direct engagement with project teams look like?
- 13 May 2022: B.32 Data Outlook - Funding proposals for Board's consideration
- 15 July 2022: B.33 Data Outlook - Funding proposals for Board's consideration
- 18 October 2022: B.34 Data Outlook: Funding proposals for Board's consideration
- 12 November 2022: Raising Money for Green Transitions
- 14 November 2022: COP27 - Let Us Not Reinvent the Wheel to Finance Loss and Damage
- 01 December 2022: Climate Finance Takes Center Stage at COP27

### News updates

- 06 January 2022: Recent Changes to the IEU website
- 26 January 2022: IEU Gains Membership of UN Evaluation Group
- 08 March 2022: IEU Internship Announcement
- 27 July 2022: IEU News Update – IEU at B.33 and the New Team Members
- 02 December 2022: IEU Workplan 2023
- 22 December 2022: IEU's Yeonji Kim receives commendation for outstanding contribution to society from Korea's Minister of Foreign Affairs

### Newsletters

- Newsletter Issue 15, January - March 2022
- Newsletter Issue 16, April - July 2022
- News Update, July – August 2022
- Newsletter Issue 17, August - November 2022

### Briefs

- GEvalBrief 12: Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund's Investments in the Least Developed Countries
- IEU Topical Brief: Synthesis study of an IEU deliverable under the second performance review of the Green Climate Fund – Access
- IEU Topical Brief: Synthesis study of an IEU deliverable under the second performance review of the Green Climate Fund – Programming
- IEU Topical Brief: Synthesis study of an IEU deliverable under the second performance review of the Green Climate Fund – Implementation

- IEU Topical Brief: Synthesis study of an IEU deliverable under the second performance review of the Green Climate Fund – Achieving results
- IEU Topical Brief: Synthesis study of an IEU deliverable under the second performance review of the Green Climate Fund – Institution
- IEU Topical Brief: Synthesis study of an IEU deliverable under the second performance review of the Green Climate Fund – Complementary and coherence
- IEU Brief: Learning-Oriented Real-Time Impact Assessment: Portfolio Brief 2021
- IEU Brief: Second Performance Review of the Green Climate Fund – Approach Brief
- IEU Brief: Rapid Assessment of the Progress of the Green Climate Fund’s Updated Strategic Plan
- IEU Brief: Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund’s Investments in the African States – Approach Brief
- IEU Brief: LORTA Impact Evaluation on GCF’s FP002 ‘Scaling up the Use of Modernized Climate Information and Early Warning Systems in Malawi’
- IEU Brief: Independent Synthesis of Direct Access in the Green Climate Fund – Approach Brief

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## Annex 5: Progress Report on the Second Performance Review of the Green Climate Fund

### I. Introduction

1. The Board launched the Second Performance Review (SPR) of the GCF in decision B.BM-2021/11 on 10 June 2021. The scope of the SPR is to assess the GCF's progress during the GCF-1 programming period, specifically: (i) the GCF's progress in fulfilling its mandate and operational priorities, as outlined in the Updated Strategic Plan (USP) and (ii) the GCF's performance in promoting a paradigm shift towards low-emission and climate-resilient development pathways.
2. In decision B.27/08, the GCF Board approved the work plan and budget of the Independent Evaluation Unit for 2021. Document GCF/B.28/07 notes that "At every Board meeting, IEU activities reports will include an update on the progress made on the second performance review." This progress report provides an account of the progress made on the SPR in the reporting period of September 2022 to January 2023.

### II. Activities under the SPR

#### 2.1 Data collection

3. During the reporting period, the SPR team concluded data collection activities and moved into analysis and drafting. In particular, the SPR team undertook the following:
  - (a) During the reporting period, the IEU concluded data collection for country case studies. SPR missions covered the following countries in a hybrid or in-person mode: Bangladesh, Georgia, Grenada, India, Kenya, the Maldives, Mauritius, Morocco, Peru, Rwanda, Solomon Islands, Viet Nam. IEU members undertook travel relating to country missions in coordination with the GCF Secretariat, including the travel and the security teams, and in adherence to the Administrative Instruction on the GCF Official Travel.
  - (b) The IEU commenced SPR data collection in April 2022 by listing the analytical approaches per thematic area. During the reporting period, the IEU concluded the examination of existing data sources, such as data systems maintained by the Secretariat and the IEU's in-house databases and relevant external data, including GIS data. Several new approaches were implemented to close the information gaps and triangulate the evidence under the mixed methods approach. Further, during the reporting period, the IEU's DataLab finalised the data collection and analysis based on the identified priority areas, such as the readiness preparatory support programme, project implementation risks, and gender and social inclusion. These analyses were directed to contribute to the SPR final report.
  - (c) Semi-structured stakeholder interviews for data collection were also concluded during this reporting period. Specifically, the SPR team undertook extensive interviews with members of the Board, Secretariat, AEs, NDAs, other partners, and experts. Overall, the SPR team undertook more than 700 semi-structured interviews, including country case studies.
4. In 2024, the SPR team is expected to conclude the writing and the delivery of the SPR final report and other communication products. In particular, the SPR team is expected to deliver the final evaluation report at B.35.

## 2.2 SPR substantial outputs

5. The IEU is expected to produce several deliverables under the SPR. The IEU previously produced and delivered the FPR Management Action Report (MAR) and the SPR Synthesis Study. Further, ahead of B.32, the IEU prepared for Board's consideration a) the rapid assessment of the USP 2020-2021 and b) the SPR approach paper.
6. At B.34, the IEU submitted the SPR summary report to the Board, including evidence and finding areas with recommendations. During the reporting period, the IEU prepared the SPR final report, which will be shared with the Board in time for B.35. The IEU is also drafting reports of the country case studies as part of the SPR final report.

## 2.3 SPR procedural outputs

7. As a part of the SPR, the IEU is expected to produce several procedural deliverables, including:
  - (a) **Progress Report on the Second Performance Review:** The IEU submitted the Progress Report for the previous reporting period to the Board as part of the IEU Activity Report submitted for B.34. For the current reporting period, the IEU prepared this progress report, which is part of the Annual Report submitted for B.35.
  - (b) **Expenditure report to the Budget Committee:** The IEU submitted the Expense Report, which accounts for the progress made on the SPR and budget expenditure from June to August 2022. This report was submitted to the Board's Budget Committee in September 2022.

## 2.4 Engagement and uptake

8. The GCF Evaluation Standards call for evaluations to take a participatory approach.
  - (a) **Replenishment Meeting for GCF-2** - The IEU presented findings and areas of recommendations from the Summary Report of the SPR at an informational session as part of the First Consultation Meeting of the Second Replenishment of the GCF on 1-2 December 2022.
  - (b) **B.34 Board presentation** - At B.34, the IEU presented the SPR Summary Findings Report to the Board. This report was noted by the Board in this Board meeting.
  - (c) **COP27** - At COP27, the IEU organised two Pavilion events: 'Performance Review Inputs to the GCF's Second Programming Cycle' and 'Lessons learnt from independent evaluations of the Green Climate Fund: Second Performance Review'. The IEU convened relevant partner organisations and stakeholders for these events.
  - (d) **IEU eSPRESSO session** - The IEU team members presented the key messages from the SPR Summary Report in a series of 5 virtual IEU eSPRESSO sessions to promote dialogue and solicit insights from others within the GCF. Each session covered a different area of the report: namely, governance, access to the GCF, programming, results, and areas of recommendations. Each session was designed to be 15 minutes long, and these bite sized sessions were well received by the colleagues from the GCF Secretariat and other IUs for their brevity and the interesting discussions that followed.

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## **Annex 6: Management Action Report on the Independent Evaluation of the Adaptation Portfolio and Approach of the Green Climate Fund**

1. Decision B.BM-2021/07 established the Green Climate Fund's Evaluation Policy (see document GCF/BM-2021-09). This Policy describes how all evaluations (or reviews or assessments) submitted by the IEU to the Board will have an official management response prepared by the GCF Secretariat (prepared in consultation with relevant GCF stakeholders) to inform Board decision-making (see paragraph 58 (g)/appendix III).
2. Management action reports are prepared by the Independent Evaluation Unit and received by the Board to provide an overview of the Board's consideration of the recommendations, respective management responses, and the status of implementation (see GCF/BM-2021/09, paragraph 28, paragraph 64 (b) / appendix I / appendix III).
3. In preparing this MAR, the IEU considered the Secretariat's management response to the Independent evaluation of the adaptation portfolio and approach of the Green Climate Fund.
4. Of the 24 recommendations of the evaluation, the Secretariat agrees with 19 recommendations and partially agrees with three recommendations. The Secretariat did not disagree with any of the recommendations. Two of the recommendations are for consideration by the GCF Board.
5. For each recommendation made by the IEU evaluation, this MAR provides a rating and commentary prepared by the IEU. The draft rating scale and commentary were shared and discussed with the Secretariat prior to the writing of this report. The comments provided by the Secretariat were then taken into account in the preparation of the MAR. The rating scale for the progress made on the adoption of recommendations is as follows:
  - (a) High: Recommendation is fully incorporated into policy, strategy or operations.
  - (b) Substantial: Recommendation is largely adopted but not fully incorporated into policy, strategy or operations yet.
  - (c) Medium: Recommendation is adopted in some operational and policy work, but not significantly in key areas.
  - (d) Low: No evidence or plan for adoption, or plan and actions for adoption are at a very preliminary stage.
  - (e) Not rated: Ratings or verification will have to wait until more data is available or proposals have been further developed.
6. In terms of the progress made with the adoption of the 24 recommendations set out in the evaluation, the rating "high" is given to three recommendations, the rating "substantial" is given to seven recommendations, and the rating "medium" is given to 14 recommendations.

Note: Where acronyms or abbreviations in the text are not explained, please refer to the Abbreviations list thereunder.

#	Recommendation	Management response	Rating	IEU comment
<b>RECOMMENDATION 1 – Positioning in adaptation finance</b>				
The GCF should clarify its role in and vision for climate adaptation and implement methods to enhance complementarity with other climate funds and funding agencies, and promote coherence in programming.				
1(a)	The GCF should consolidate its unique position in adaptation finance, including the mandate to finance projects at scale with a high-risk appetite.	<b>Agree.</b> GCF has a higher risk appetite in pursuit of impact and will take educated risks – to support technology development and transfer, first loss positions or participation in higher risk tranches – to demonstrate the viability of innovative approaches and deliver scale.	Substantial	Adopted by the Board in decision B.33/13, paragraph (a), the Guidance on the approach and scope for providing support to adaptation activities (document GCF/B.33/04) acknowledges that the GCF has a unique institutional mandate and is able to make a special contribution to global adaptation efforts.  Document GCF/B.33/04 describes how the GCF can use its significant investment risk appetite for transformational and systemic adaptation responses while also meeting the urgent needs of particularly vulnerable countries, people and communities.  The Review and update of the Green Climate Fund Strategic Plan – zero draft (document GCF/B.34/Inf.17) outlines how the GCF has recently leveraged its range of non-grant instruments to support blended finance solutions for adaptation and ecosystem-based solutions.
1(b)	The GCF should promote efficiency by pursuing greater coordination of adaptation efforts with NDAs, AEs and local stakeholders at the	<b>Agree.</b> The GCF encourages and supports countries to work with national institutions wherever possible, and they are the priority institutions for the RPSP.	Medium	The guidance on the approach and scope for providing support to adaptation activities underlined that approved RPSP grants for national adaptation planning commonly aim to enable inter- and intra-institutional coordination decision-making mechanisms and stakeholder engagement (GCF/B.33/04, para. 50). Additionally, the 2022-2023 RPSP work programme listed institutional capacity building and enhancing national coordination mechanisms among its seven key initiatives (GCF/B.33/07, para. 10).

#	Recommendation	Management response	Rating	IEU comment
	national and regional level.			<p>The section on complementarity and coherence in GCF/B.33/04 focused on the GCF's cooperation and interactions with the GEF and the AF without explicitly referencing efforts to promote efficiency by coordinating with NDAs, AEs and local stakeholders.</p> <p>The Secretariat clarified that the latest COP27 guidance to the GCF (para 7), requests the Board to consider synergies with other relevant bilateral, regional and global funding mechanisms and institutions. The Secretariat confirmed it is ready to be guided by the Board to on expanding the scope of GCF's systematic support and strategy for complementarity and coherence.</p>
1(c)	The GCF should use its convening and catalytic power to develop a set of best practices from stakeholders (including climate funds, NDAs and AEs) to share across the GCF ecosystem.	<p><b>Agree.</b></p> <p>There is ongoing collaboration with other climate funds, and a work plan with a list of countries where sequenced, parallel and co- financing options can be done. AEs are actively requested to identify such opportunities in the context of complementarity and coherence as part of their EWPs, and this has been included in the respective templates and guidance. Similar considerations are encouraged from countries as they develop Country Programmes.</p>	Substantial	<p>The Secretariat's Annual Update on Complementarity and Coherence for B.34 (GCF/B.34/Inf.07/Add.02) offers a broader view of collaboration with other climate funds.</p> <p>The IEU notes that the Integrated Results Management Framework refines the list of core and supplementary indicators from 41 to 23. The IEU recognizes that these are mapped against the initial investment framework and indicators used by other climate funds and national statistical authorities "to build complementarity and coherence and ensure maximum familiarity to a range of AEs" (p.6).</p> <p>The Secretariat highlighted the role of decision B.17/04 in enhancing complementarity and coherence through country programmes. It also flagged the chapter in the Programming Manual that focuses on this topic, and how Entity Work Programme documentation encourages Regional DAEs and IAEs to highlight opportunities for joint or scaled-up programming with other climate funds.</p>

#	Recommendation	Management response	Rating	IEU comment
<p><b>RECOMMENDATION 2 – Capacity and adaptation planning</b></p>				
<p>The GCF should clarify RPSP for adaptation planning, address technical challenges, support matchmaking efforts and build monitoring of results of RPSP support.</p>				
2(a)	<p>The GCF should raise awareness, reach and use of RPSP grants for adaptation planning in vulnerable countries.</p>	<p><b>Agree.</b> The Secretariat has been proactively communicating adaptation planning support with all developing countries, including vulnerable countries, via GCF events (e.g. Regional Dialogues), CoP events, the NAP Expo, the GCF website, and other means. Vulnerable countries account for 67% of adaptation planning funding requested and 59% of funding approved.</p>	Medium	<p>Due to the COVID-19 pandemic, the Secretariat faced the possibility of an “engagement gap” as in-person missions were constrained. The Secretariat’s activity reports submitted at and after B.28, listed up the efforts to raise awareness about the NAP support through the RPSP in vulnerable countries such as participation in virtual events and hosting webinars.</p> <p>The GCF also organized one event on readiness and adaptation programming at COP26 and the GCF-GEF pavilion programme at COP27 heavily featured adaptation. Explicit references to adaptation planning support through the RPSP are not included in these events. Moreover, the topic was not raised in any of the sessions of the Global programming conference organized in October 2022.</p> <p>The Secretariat clarified that as of November 2022, the GCF had approved 90 proposals for the formulation of NAPs and/or other adaptation planning processes under the GCF Readiness Programme in 83 countries (an additional 37 proposals are at various stages of review).</p>

#	Recommendation	Management response	Rating	IEU comment
2(b)	The GCF should address technical capacity challenges in NDAs, including through training clusters of government officials to build sustained knowledge.	<b>Partially Agree.</b> The GCF provides TA support for proposal development and advises NDAs on delivery partners, including helping them identify such partners through competitive processes (e.g., Colombia). GCF will continue to provide clearer guidance on adaptation planning support and on the appraisal criteria, to ensure the quality and value for money of the grant proposals.	Medium	<p>The Review and update of the Green Climate Fund Strategic Plan – zero draft (GCF/B.34/Inf.17) reports that stakeholders value the roles the RPSP and the PPF play in strengthening NDA and AE capacities through both accreditation and programming support.</p> <p>In document GCF/B.33/07, the Secretariat outlined the RPSP work programme and budget for 2022–2023, which specifies how the revised strategy will continue supporting NDAs with capacity building and proposal development and support, including support for adaptation planning.</p> <p>More specifically, document GCF/B.33/07 outlines how the 2022-2023 work programme aims to strengthen national adaptation planning through a more programmatic, evidence-driven design of adaptation investments. Regarding appraisal guidance, document GCF/B.33/07 recognises that appraisal criteria and a quality assurance checklist for proposals had shortcomings. Improvements have been made and have been amalgamated into a Readiness Standards Handbook.</p>
2(c)	The GCF should facilitate matchmaking between countries and locally and regionally embedded RPSP delivery partners. This will relieve a constraint for some countries	<b>Agree.</b> The GCF provides TA support to vulnerable countries upon their request. The Secretariat will evaluate what is affecting delivery rates and consider extending further support to countries if they so require.	Substantial	<p>In its RPSP 2021 Annual Report, the Secretariat also provides an overview of the issues NDAs and delivery partners face in moving efficiently from approval to implementation such as recruitment of staff and experts, political instability, and COVID-19 related impacts (see Annex III to GCF/B.33/07).</p> <p>The Secretariat’s activity reports and work programmes, including those related to the RPSP, submitted at or after B.28, do not mention the matchmaking between countries and locally and regionally embedded RPSP delivery partners.</p>

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	when accessing RPSP support.			<p>Information documents GCF/B.29/Inf.7 and GCF/B.30/Inf.11 from the Secretariat note a trend towards adopting a multiple, sequential proposal approach for adaptation planning support. Such an approach should enable NDAs to work with different delivery partners in undertaking sub-national and/or sectoral adaptation planning tailored to different country contexts.</p> <p>As of 1 May 2022, 77% of the 151 organizations endorsed to serve as RPSP DPs were based in developing countries (GCF/B.33/07, Annex III, para. 5).</p> <p>The Secretariat said it has deployed technical assistance consultants and or firms via RPSP to over 50 NDAs, DAEs or DPs and entities nominated for accreditation support.</p>
2(d)	The GCF should monitor the quality of RPSP adaptation planning through building and fast-tracking an outcome/impact measurement framework.	<p><b>Agree.</b></p> <p>The Secretariat is developing a Readiness Results Monitoring Framework (RRMF) that will include the impact/outcome indicators. The RRMF will be shared with the Board at B.29.</p>	Substantial	<p>The Readiness Results Management Framework enables NDAs and other delivery partners to report the results from readiness grants, allowing the GCF to better capture RPSP outcomes. While two informational webinars were held on 6 July 2022, as of the 8 November 2022, the RRMF was not available on the GCF website.</p> <p>In document GCF/B.33/07 (the RPSP work programme and budget 2022–2023), the Secretariat outlines how they have used the RRMF as a portfolio analysis tool and in a prospective manner; thus adhering to the Board’s request in decision B.22/11, paragraph (m).</p> <p>The RRMF will be applied to new readiness grant proposals submitted to the GCF on or after 16 January 2023. In addition, from 2023, all approved readiness proposals will have to report against the RRMF.</p>

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				The Secretariat further stated that it will analyse all reported data and report to the Board as part of its annual performance reports. In addition, the Secretariat noted it conducted a retrofitting study of the existing readiness grants against the RRMF and presented the initial results at B.33.
<b>RECOMMENDATION 3 – Scale and the private sector in adaptation</b>				
The GCF should define its approach to engaging with and catalyzing finance from the private sector in GCF support and programming windows.				
3(a)	The GCF urgently needs a strategy for the private sector, in particular in <b>adaptation finance</b> . The strategy should include guidance on (i) which private sector actors the GCF wants to engage with and how; (ii) what is considered minimizing market distortions and moral hazard; (iii) which sectors hold opportunities for adaptation; and (iv) how the instruments at	<b>Agree.</b> The Updated Strategic Plan calls for the development of a private sector strategy, focusing on, inter alia: supporting climate-oriented local financial systems, green banks, markets and institutions; and de-risking and addressing barriers, including currency fluctuation, to mobilize private sector resources at scale for climate investments in developing countries, including a greater role in supporting climate change adaptation. Such a private sector strategy should seek ways to incentivize private investment in adaptation. To date, some limited engagements and funding of mostly agri-business related projects have	Medium	The Board adopted a private sector strategy in decision B.32/06 as set out in Annex V of the decision. One of the strategy’s priority areas was adaptation.  The strategy gives a very broad and generic overview of the private sector entities with whom GCF seeks to engage. It states that the “PSF will focus on private investors at the global, regional and national levels, including institutional investors, commercial banks, equity and debt funds, impact investors and insurance companies, and engage strategically with development finance institutions only when it pertains to private sector development or as co-investors.”  The strategy lacks substantial guidance on minimizing market distortions and moral hazard. The private sector strategy mentions the need to seek efficient solutions to developing climate markets without creating market distortions or crowding out private capital (decision B.32/06, Annex V, para. 5). However, this is only to preface the strategy. No measures or guidance are given on how to minimise market distortions. The risk of moral hazard is not considered in any way in the private sector strategy.

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	its disposal should be used.	been undertaken, and this year a number of equity funds focused on adaptation are under development. Further work and development, including using new instruments such as resilience bonds and insurance, will be needed and will be proposed as part of the overall review of private sector strategy being undertaken later this year.		<p>Annex III to GCF/B.32/06 provides an overview of financing needs across the GCF's eight results areas. Some of the outlined needs relate specifically to adaptation activities. These include the need for investing in low emission, climate resilient transport, urban resilience and investment in the building sectors, adaptation for agriculture, early warning services, climate information, among other needs.</p> <p>The strategy also discusses the potential and rationale for the use of different financial instruments, including guarantees, equity, insurance-related products, currency risk mitigation through the transfer of concessionality, and non-conventional debt instruments.</p>
3(b)	The GCF should consider a private sector approach that addresses capacity support to small and medium-sized firms. The GCF should clarify what the RPSP can do for small and medium-size private sector companies.	<p><b>Agree.</b></p> <p>Some of this support is already provided through the MSME RfP, although a coordinated strategy across the Secretariat also needs to consider prioritizing the accreditation of AEs that work with MSMEs and understand the local context.</p>	Medium	<p>The IEU's Independent Rapid Assessment of the GCF's Request for Proposals Modality found that the MSME window attracted 30 submissions. From these, seven concept notes were shortlisted, and three projects were approved. One of these was initially submitted through the PAP channel, not through the MSME RfP. Only 30% of the funding envelope of USD200 million was committed.</p> <p>Board decision B.31/06, paragraph (h) requested the Secretariat and iTAP to prioritize, <i>inter alia</i>, entities responding to GCF requests for proposals, particularly EDA, MSME and MFS. However, the management action report for the RfP evaluation (submitted to the Board as part of the IEU's activity report for B.34) noted that no additional guidance is planned for the MSME RfP window. Moreover, the Updated Accreditation framework does not sufficiently focus on local private entities nor address capacity support for small and medium sized firms in a coordinated manner.</p>

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				<p>The Private sector strategy (GCF/B.32/06) contains elements that could better coordinate working with MSMEs that understand the local context. The Secretariat could elaborate more on how the synergies between accreditation and private sector strategies will contribute to a more coordinated strategy.</p> <p>The Secretariat highlighted how the Accreditation Strategy includes actions to prioritize expanding the AE network to align with programming gaps, which can include the role of the private sector in GCF programming. However, the Board did not approve prioritizing specific types of entities for accreditation.</p>
3(c)	In piloting the project-specific assessment approach, the GCF Board should consider the needs of the adaptation portfolio, including engagement of the private sector.	<p><b>This recommendation is for consideration by the GCF Board.</b></p> <p>The updated accreditation framework, including the project-specific accreditation approach (PSAA), continues to be developed by the Accreditation Committee of the Board and is included in the Board workplan for 2021. Pending consideration by the Board of the framework and PSAA, including any areas of focus that the Board may identify therein, the Secretariat would implement and operationalize the framework and PSAA accordingly.</p>	Medium	<p>The Board adopted the updated accreditation framework (UAF) in decision B.31/06, annex IV. The UAF will be effective from 1 April 2023. The UAF introduces the project-specific assessment approach (PSAA) as a complementary approach to institutional accreditation that allows GCF to target specific projects and programmes.</p> <p>The document makes no mention of prioritizing private sector entities or adaptation projects. However, decision B.31/06 calls on the Secretariat and iTAP to prioritize, during the first year of the PSAA's implementation, proposals from (i) subnational, national, and regional entities based in developing countries and (ii) entities responding to requests for proposal issued by the GCF. The RfPs include the micro-, small-, and medium-sized Enterprises Pilot Programme.</p> <p>The Secretariat stated that per decision B.31/06 it aims to launch the PSAA pilot in April 2023. Work is underway on the relevant templates and guidance for the Secretariat and Board.</p>

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3(d)	The GCF should strengthen incentives to support cooperation between the DMA and PSF in jointly assessing projects and identifying opportunities, particularly for blended finance.	<b>Agree.</b> The recently revised Operations Manual calls for greater cooperation among all divisions, including DMA and PSF, as part of the interdivisional project team for each funding proposal. This is already being operationalized, as DMA sector specialists routinely review the technical aspects of funding proposals led by PSF, while PSF financial specialists review the financial structuring and market linkages for funding proposals led by DMA.	Medium	Building on the Operations Manual, the GCF Appraisal Guidance (June 2022) clarifies the respective roles and responsibilities for coordinating and reviewing funding proposals and projects. The Appraisal Guidance also details how an interdivisional project team reviews each funding proposal across 10 appraisal areas.  The Secretariat stated that DMA and PSF proactively collaborate on project and programme development and appraisal (including on the Global Fund for Coral Reefs - FP180). It further stated that ongoing proposals regarding the blue economy and forest conservation and restoration are also being jointly supported by DMA and PSF before submission for Board consideration by GCF partners.
<b>RECOMMENDATION 4 – Access and business model</b>				
The GCF should respond to the urgency in adaptation by addressing policy gaps and the use of financial instruments and modalities.				
4(a)	The GCF should explore options to address the adaptation needs of the most vulnerable within its targeted geography.	<b>Agree.</b> GCF already prioritizes adaptation action in LDCs/SIDS and African countries with a target of maintaining an allocation floor of at least 50% of adaptation funding to particularly vulnerable developing countries, while aiming to build on	Medium	Two key USP strategic objectives for 2020-2023 include: <ul style="list-style-type: none"> <li>• First, delivering portfolio-level adaptation results that exceed portfolio IRM results.</li> <li>• Second, balancing funding across mitigation and adaptation over time (Annex VI to decision B.27/06, para. 13).</li> </ul>

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		<p>IRM outcomes. GCF exceeded this in the IRM by allocating 69% of funding in grant equivalent terms to SIDS, LDCs and African states. The Updated Strategic Plan and Country Programme guidance also encourage countries, in developing pipelines for the GCF, to prioritize the most impactful investments for their respective national and regional contexts, informed by adaptation needs especially for the most vulnerable people and communities. GCF already is starting to act as a fund-of-funds for serving communities for locally-led adaptation (e.g., Blue Action Fund) and Enhanced Direct Access could be used further to enhance this modality.</p>		<p>The IEU's SPR Summary report provides high-level projections on the delivery of the USP strategy objectives by the end of GCF-1, based upon data available as of B.33 (GCF/B.34/Inf.08). In terms of balancing funding across different dimensions, the GCF is likely to reduce the proportion of adaptation allocations as adaptation project submissions are lagging behind mitigation projects in GCF-1. The proportion of adaptation finance is likely to be under 50% if the current trend continues.</p> <p>The programming directions set out in the zero draft of the GCF strategic plan for 2024-2027 (USP-2) include increasing the share of annual programming for adaptation to approach 50% in nominal terms / exceed 50% in grant equivalent terms. The GCF would use minimum allocation floors and/or requests for proposals to take into account the needs of vulnerable countries and the vulnerabilities of those with the least capacity.</p> <p>The guidance on the approach and scope for providing support to adaptation activities considers new ways to address the adaptation needs of vulnerable countries. For instance, it suggests that GCF provide grant funding through the RPSP and PPF to design and pilot new insurance products and invest in new micro-insurance companies that offer affordable products to vulnerable borrowers.</p>
4(b)	The GCF should find ways to remove barriers related to availability of and requirements for data to verify climate	<p><b>Agree.</b></p> <p>The GCF secretariat promotes the funding of projects for the generation of climate information including early warning systems.</p>	High	<p>Document GCF/B.33/05 on the steps to enhance the climate rationale of GCF-supported activities responds to decision B.19/06's aim of strengthening AE ability to clearly demonstrate the climate impact potential of proposals. The document details four high-level principles: (i) identifying the systems at risk and the climate hazard (expected to) affect them (ii) explaining how the</p>

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	vulnerability and should consider alternative systems of (traditional) knowledge. The GCF should urgently clarify the role and use of climate rationale in the funding proposal review and appraisal process, to reduce the burden of project preparation and development by AEs.	This can be done via Readiness and regular funding proposals. The Secretariat also supports efforts to clarify the type of data that is required to verify climate vulnerability in funding proposals, so that AEs have incentive to include promising adaptation components in cross-cutting projects without fear of insufficient data. In 2021, the Secretariat will present to the GCF Board a paper on steps to enhance the Climate Rationale of GCF funded activities, which will aim to better clarify the information relevant to demonstrating the climate impact of adaptation projects, including making distinction between climate information, hazards, exposure and proposed interventions.		activity will reduce the exposure and/or vulnerability (of people, systems, or ecosystems) and thus lessen the climate change risk or impact (iii) aligning with national plans and strategies and (iv) describing the monitoring and evaluation system. Importantly, document GCF/B.33/05 outlines how the GCF Secretariat does not posit a hierarchy of data types and includes data from traditional, local and indigenous knowledge and practices, per decision B.32/08, paragraph (c). Moreover, it offers a qualitative tool to assessing the level of confidence in the evidence presented for an adaptation proposal.
4(c)	The GCF Board should finalise the policy on programmatic approaches, with <b>due consideration of the perspectives of AEs.</b>	<b>This recommendation is for consideration by the GCF Board.</b> Programmatic approaches provide an opportunity for adaptation programming at greater scale, and are a key way to improve access to adaptation finance. Vulnerable	Medium	The current draft of the Programmatic Approach policy has not yet been submitted to the Board for consideration. However, a draft of the policy was available in June 2022 after the consultation with AEs in 2021.  The draft policy states that GCF programmatic proposals can have different foci, including thematic, sectoral and geographical or a

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	Such approaches should include single- and multi-country programmes and provisions to streamline the processes for sub-project approval and changes, while ensuring appropriate due diligence. The GCF should recognize the regional aspects of adaptation challenges and solutions, and re-emphasise the potential of regional DAEs depending on adequate staffing capacity at the Secretariat.	countries, such as SIDS and LDCs, may sub-project approval and changes, while ensuring appropriate due diligence. The GCF should recognize the regional aspects of adaptation challenges and solutions and re-emphasise the potential of regional DAEs depending on adequate staffing capacity at the Secretariat.		<p>combination of all three. Both single- and multi-country programmes are included.</p> <p>The draft policy requires that programmatic proposals clearly articulate the proposed process and criteria for sub-project identification, selection, and/or approval, as applicable.</p> <p>The draft policy also makes provisions relating to timelines for approval of sub-projects and disbursement, results management and reporting.</p> <p>Except for the inclusion of new countries within a multi-country programme, the draft policy does not provide for streamlining the processes for sub-project changes. Although the draft document outlines that the Secretariat consulted AEs, it does not provide details of the consultation process.</p>
4(d)	The GCF should diversify the financial instruments it uses in adaptation projects, particularly those that increase scale through higher co-finance ratios. In particular, the GCF	<b>Agree.</b> Innovative market-based financing mechanisms are key tools to increase mobilization and impact as outlined in the Updated Strategic Plan. From B.18 onwards the share of other financial instruments for adaptation	Medium	As part of the aim of strengthening the investment framework, the Updated Strategic Plan reaffirms the GCF's commitment to grant financing. It outlines how this is both through technical assistance (p.7) and RPSP grants. It also requires the GCF to act more proactively in supporting upstream design processes through Readiness Programme/PPF grants. Moreover, the USP outlines how the exploration of diversifying the deployment of innovative financial instruments, especially non-grant instruments will take

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	can increase the use of equity investments, guarantees, devolved and blended finance. The use of such instruments is not a substitute for grant instruments, but rather a complement to them.	<p>financing has increased, where appropriate, including loans and guarantees for public sector adaptation projects and equity for private sector projects. The Secretariat will continue to seek ways to incentivize private sector investment in adaptation and develop the capacity of DAEs to work with higher leverage instruments.</p> <p>However, it should be noted that the Board, under the USP, has indicated an intent to maintain the share of grant financing, in particular for adaptation. There may accordingly be a tension between maintaining the adaptation share of total financing, increasing the adaptation share through PSF, and the Board's directions on instruments.</p>		<p>place without compromising GCF grant financing especially for adaptation (p.8). The non-grant instruments include results-based payments, insurance and investments in local currency instruments.</p> <p>In terms of incentivizing private sector investment in adaptation, the Private sector strategy (GCF/B.32/06) outlines the limited proportion of climate flows directed to adaptation. Moreover, the Private sector strategy highlights how in the 12 months to B.32, there have been signs within adaptation of a trend toward using other financial instruments rather than senior loans (see 6c below).</p> <p>For example, p.13 of the Private sector strategy presents a table indicating that the DPSF portfolio had a 85:15 split in favour of mitigation in grant equivalent terms as of 31 December 2021 (with 80% allocated to the most vulnerable countries).</p> <p>The Secretariat further detailed how new asset classes in adaptation are being developed, including insurance modalities that feature in several projects (including FP162), and ecosystem services (including SAP023). Green and grey infrastructure is seen as an effective approach in combining assets to ensure more resilience (for example in FP034, FP013).</p>
4(e)	The GCF should consider developing a <b>stakeholder engagement policy</b> . Inclusive stakeholder engagement that delivers meaningful and	<p><b>Partially Agree.</b></p> <p>The Fund has best-practice options for country coordination and multi-stakeholder engagement, adopted in decision B.08/10. The recently published Country Programme Guidance provides additional</p>	Medium	The Secretariat has not developed a stakeholder policy. However, the Secretariat completed the draft Environmental and Social Safeguards Standards in March 2022 and is currently consulting with stakeholders as part of the final stage of updating the ESS. The proposed ESS include an additional standard on stakeholder engagement and information disclosure which was missing from the interim ESS (i.e. the IFC Performance Standards).

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	active participation in project design and implementation should be strengthened, and it should not only include NDAs and focal points, but also <b>CSOs, indigenous communities, and the private sector</b> . This can reduce material risks from project implementation, including maladaptation.	encouragement to involve CSOs as early as possible to make project design and implementation an inclusive process, and all Readiness grants supporting pipeline development also include activities targeting CSOs to ensure their early engagement. A guidance note on designing and ensuring meaningful stakeholder engagement on GCF-financed projects also has been published to guide AEs in establishing meaningful consultation and engagement processes in funding proposal development.		<p>The proposed text emphasizes effective and inclusive engagement through the project cycle and requires AEs to give due consideration to feedback provided through the consultation.</p> <p>An updated sustainability guidance note on designing and ensuring meaningful stakeholder engagement in GCF-financed activities was published on the GCF website in May 2022. The guidance note provides an overview of the GCF requirements regarding meaningful consultation and engagement. It also defines the characteristics of effective engagement and provides guidance on designing consultations. However, the guidance note is not a mandatory GCF policy.</p> <p>The Secretariat has highlighted that the requirements and provisions related to stakeholder engagement are in several GCF policies, including the Indigenous Peoples Policy, Updated Gender Policy, Information Disclosure Policy, and the Revised Environmental and Social Policy.</p>
<b>RECOMMENDATION 5 – Results and impact measurement</b>				
The GCF should address adaptation related measurement challenges to enhance active monitoring, project and Fund-level aggregation and facilitate learning and steering.				
5(a)	The GCF Secretariat should further engage with other climate funds and communities of practice to refine indicators,	<b>Agree.</b> The Secretariat has already started to strengthen its internal capacity on results management and impact reporting and impact reporting through conceptualization of the	High	The Board adopted the Integrated Results Management Framework (IRMF) at B.29 in decision B.29/01, Annex I. The IRMF emphasizes using harmonized indicators within core and supplementary indicators 2.1 to 2.7. The IEU notes that the Integrated Results Management Framework refines the list of core and supplementary indicators from 41 to 23. The IEU recognizes these are mapped

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	measurement and aggregation clarity, including improving the Fund-level indicator of direct and indirect beneficiaries.	IRMF. The draft IRMF includes result indicators that are harmonized with those of peer organizations. The Secretariat has initiated a collaborative platform on measurement and indicators with the other major climate funds and is also taking into consideration the existing best practices and how they can be integrated in the GCF work on adaptation.		<p>against the initial investment framework and indicators used by other climate funds and national statistical authorities to “to build complementarity and coherence and ensure maximum familiarity to a range of AEs” (p.6). For example, Core indicators 3 and 4 are now harmonized with the GEF/CIF/AF and LDCF/SCCF/AF, respectively.</p> <p>The Secretariat’s Annual Update on Complementarity and Coherence for B.34 (GCF/B.34/Inf.07/Add.02) offers a broader view of collaboration with other climate funds.</p>
5(b)	Recognising the limitations of the current set of indicators, the GCF should address challenges in adaptation-related measurement on project- and fund-level indicators.	<p><b>Agree.</b></p> <p>The limitations of the current set of adaptation indicators in the PMF are well noted, and the Secretariat has already embarked on improving the indicators through the development of IRMF. Adaptation related indicators have been fine-tuned in the draft IRMF document which is ready for discussion with the Board at B.28. In addition, with a view to responding to the main concern of limited guidance over reporting requirements against results indicators (including adaptation indicators), work is currently</p>	High	<p>The IRMF was adopted by the Board in decision B.29/01 and applies to projects and programmes submitted to the Board starting on and from the thirty-second meeting of the Board.</p> <p>The IRMF introduces the following changes in the measurement of adaptation results:</p> <ul style="list-style-type: none"> <li>• One of the areas considered at the paradigm shift potential level is the proposed activity’s overall contribution to climate-resilient development pathways consistent with a country’s climate change adaptation strategies and plans.</li> <li>• At the outcome results level, the number of direct and indirect beneficiaries reached was retained as the main approach for assessing adaptation outcomes (core indicator 2). However, the IRMF also introduced two additional quantitative indicators to measure the value of physical assets made more resilient to the effects of climate change (core indicator 3) and the hectares of</li> </ul>

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		<p>underway to develop an accompanying Result Handbook to the IRMF which aims to provide clearer definition, a measurement tool, and guidance for each indicator within the IRMF. The development of the Results Handbook will include some piloting exercises with AEs to help refine these tools prior to IRMF implementation.</p>		<p>natural resource areas brought under climate-resilient management practices (core indicator 4). Additionally, the IRMF includes seven supplementary indicators to complement core indicator 2, one supplementary indicator under core indicator 3, and three supplementary indicators under core indicator 4. Results that can be measured against the supplementary indicators are to be reported in addition to a relevant core indicator.</p> <ul style="list-style-type: none"> <li>• The IRMF established a set of indicators that measure the effectiveness of an enabling environment to support adaptation activities. At the outcome results level, AEs are also required to include at least two indicators on the enabling environment based on the nature of the project or programme.</li> </ul> <p>The IRMF policy acknowledges the risk of double counting project beneficiaries. To avoid this limitation, the IRMF policy provides additional guidance on the practical distribution of results between project and programme outcomes. In addition, the results areas will be made available in the Results Handbook. The draft Results Handbook was published on the GCF website in May 2022.</p> <p>GCF/B.33/04 indicates that the Secretariat has initiated a collaborative platform on measurement and indicators with the other major climate funds. It is considering existing best practices and how they can be integrated into the GCF's evaluation work on adaptation.</p> <p>The Secretariat said the draft Results Handbook takes into account the feedback from GCF stakeholders such as AEs and NDAs and was submitted for Board approval at B.31. However, as of December</p>

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				2022 the Board had not looked at the Results Handbook due to other priorities.
5(c)	As adaptation result areas are broad, the GCF should also trace results at the sectoral level for portfolio management. This will allow aggregation at the portfolio level to facilitate greater knowledge of results and comparability with other climate funds.	<p><b>Partially Agree.</b></p> <p>The current RMF/PMF and the draft IRMF have considered this. For example, adaptation-related supplementary indicators in the draft IRMF include looking at the number of beneficiaries reached by sector such as food security and or water security.</p> <p>Balancing between potential complexity vis-a-vis the capacities of AEs, and considering that sectors might contribute to various results areas, the Secretariat considers it prudent to continue with reporting against the 8 results areas adopted by the Board and with which AEs are already familiar.</p> <p>At the same time, the Secretariat may conduct some ex-post analysis on sectoral basis, but this would be done separately from the overall result reporting and mainly for learning purposes.</p>	Substantial	<p>As outlined in 5 (a) above, the IRMF adopted by the Board at B.29 in decision B.29/01, Annex I, emphasizes using harmonized indicators within core and supplementary indicators.</p> <p>The IRMF has refined the list of core and supplementary indicators by merging the PMF with the RMF, leading to a more systematic measurement approach. The IRMF has retained mitigation and adaption logic models, their corresponding eight results areas and the core quantitative indicators. However, it has also added some flexibility regarding supplementary indicators. These are now mapped onto the four adaptation results areas, as are core indicators. Moreover, the IRMF outlines how the Secretariat will assesses core and supplementary indicators and financial commitments by comparing the IRM results baseline and IRM resourcing baseline with GCF-1 Results Resourcing and programming for GCF-1.</p> <p>Notably, the IRMF has responded to finding 5(c) in the adaptation evaluation which detailed how the depth of impact for adaptation interventions could not be monitored with the previous set of indicators. The IEU notes that the intensity of core indicators and supplementary indicators will now be measured through systemic change indicators in scorecards, narratives and project and programme logical frameworks. More specifically, the IRMF outlines how the scorecard will assess the contribution GCF-funded projects and programmes make to institutional outcomes that enable a defined paradigm shift for projects and programmes. The</p>

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				IRMF also outlines how systemic change will be measured and reported at the portfolio level through the Results Tracking Tool (RTT).
5(d)	The GCF should consider whether an adaptation investment is meeting a national priority by linking results areas to an indicator for a country's adaptation needs.	<p><b>Agree.</b></p> <p>As part of the investment criteria, each funding proposal is required to indicate alignment with national priorities (e.g., NAPs, NAPAs, etc.) which are independently verifiable. Furthermore, and in line with the principle of country ownership, each funding proposal must receive clearance from National Designated Authorities confirming that they are aware and agree with the submission of the proposal to GCF.</p>	Medium	<p>As highlighted in version two of the investment criteria scorecard published on the GCF website, the Secretariat considers the needs of the recipient and country ownership when reviewing a funding proposal. Recipient needs include the scale and intensity of people's exposure and/or social or economic assets or capital to climate change related risks. Country ownership considerations include alignment and coherence with countries' national climate priorities.</p> <p>GCF/B.33/05 further provides guidance on demonstrating the climate rationale for adaptation activities. This includes confirming the alignment of the proposed activity with the host country's national plans and climate strategies including the NAPs.</p> <p>The Secretariat highlighted how in addition to the investment criteria scorecard, the Secretariat's endorsement of proposals by the Climate Investment Committee also considers the existence of the proposals in the countries' published or draft country programmes, which are also aligned with national climate change policies and priorities.</p> <p>The IEU notes that Secretariat comments have focused on national priorities and not the degree to which proposals explicitly connect indicators for a country's adaptation needs to results areas. As such, the IEU grading remains medium.</p>

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5(e)	The GCF should utilise results-based financing to a greater extent within its adaptation portfolio. This would create an incentive structure for implementing agents to deliver on time, to budget appropriately and for results to be verified by independent third parties.	<b>Agree.</b> This is well noted and can be adopted as applicable/appropriate in the structuring and monitoring of the projects.	Medium	<p>As part of the aim to strengthen the investment framework, the USP outlines how the exploration of diversifying the deployment of innovative financial instruments, especially non-grant instruments will take place without compromising GCF grant financing especially for adaptation (p.8). Examples of non-grant instruments include results-based payments, insurance and investments in local currency instruments.</p> <p>The recent Review and update of the Green Climate Fund Strategic Plan – zero draft (document GCF/B.34/Inf.17) outlines how the Secretariat has been encouraged to enhance how it uses its full suite of instruments and concessional financial terms.</p> <p>The Secretariat highlighted that at least five adaptation and cross-cutting approved projects utilize results-based payment modalities (FP124, FP050, FP062, FP111, FP167). In addition, the Secretariat further clarified that, in addition to these approved public sector projects, several projects are being reviewed under the LOCAL approach. The LOCAL approach was piloted under UNCDF and uses a results-based financing model that targets local government beneficiaries. One other project is piloting an adaptation benefit mechanism.</p>
<b>RECOMMENDATION 6 – Innovation and risk</b>				
The GCF should address the ongoing lack of clarity and guidance to its approach on innovation.				
6(a)	As innovation is part of the strategic priorities for 2020-2023, the GCF	<b>Agree.</b> The Secretariat is promoting technical, financial, institutional and	Substantial	The GCF published 10 sector guides between September 2021 and September 2022 covering the following areas: cities, buildings and urban systems; agriculture and food security; forests and land use;

#	Recommendation	Management response	Rating	IEU comment
	<p>should clearly identify and incentivize innovation.</p>	<p>policy innovation through the development of sector guides. These guides will provide an overview of country needs and evidence-based programming experiences in each sector and identify opportunities for high impact, paradigm-shifting investments to guide proposal development for the GCF in line with its investment criteria and the Updated Strategic Plan. The Secretariat will continue to seek financial innovation through blended finance structures for adaptation projects where appropriate, without adversely affecting access to grant financing for adaptation.</p>		<p>ecosystems and ecosystem services; energy access and power generation; low emission transport; water security; energy efficiency; climate information and early warning systems; and health and well-being.</p> <p>Each sector guide identifies actions across the USP’s pillars, including catalysing climate innovation. The sector guides also overview the actions taken to mobilize finance at scale, including the use of innovative financial instruments.</p> <p>Additionally, the Secretariat’s guidance on the approach and scope for supporting adaptation activities indicates that the GCF is developing several proposals to establish dedicated incubators and accelerators in developing countries. The GCF is also considering initiating an RfP to scale up its support for incubators and accelerators, including for adaptation solutions.</p> <p>The guidance further indicates that the GCF is developing a range of specialty early-growth financing instruments. These range from development grants to early-growth debt and equity finance for addressing funding barriers start-ups face in developing countries (para. 32). However, details regarding these are limited.</p> <p>The Secretariat stated that it continues to make progress on financial innovation through blended finance structures. For example, the Secretariat highlighted that five private sector adaptation and cross-cutting proposals have been approved by the Board and added to the private sector portfolio since B.28. In the public sector portfolio, three adaptation or cross-cutting proposals have been approved with blended finance elements.</p>

#	Recommendation	Management response	Rating	IEU comment
6(b)	The GCF should define the delivery of successful structures, systems, organizations as actual project impacts. For example, support for innovative structures, such as blended finance vehicles for adaptation, which are successfully used in mitigation (e.g., in FP099: Climate Investor One) but not yet in adaptation.	<b>Agree.</b> PSF is currently developing a number of adaptation related funds which will use equity. When appropriate partners are identified, further risk inclined products such as resilience bonds and insurance will be explored.	Substantial	The IEU notes that since the completion of the Adaptation evaluation, six adaptation or cross-cutting projects have included the use of equity as a financial instrument (FP173, FP180, FP181, FP185, FP190, SAP13).  This is consistent with the Private sector strategy (GCF/B.32/06), which indicated a trend towards adaptation and using financial instruments other than senior loans in the 12 months to B.32. Private sector strategy (GCF/B.32/06) outlines how blended finance structures could establish a track record and enable financiers to reassess the risks of specific classes of climate assets, such as resilient infrastructure, thematic climate bonds. In addition, the Private sector strategy (GCF/B.32/06) outlines how the GCF can continue to use blended finance to enable a more significant role for domestic MSMEs in meeting national climate action priorities (for example, Tanzania's CRDB Bank). The Secretariat could consider clarifying the amount of grant funding the GCF has provided through the Readiness Programme and PPF for new insurance products, as outlined in the Private sector strategy.  The Secretariat outlined three examples of how GCF investments in adaptation and cross-cutting projects/programmes are de-risking wider co-financiers through taking first-loss positions (FP173, FP180 and FP181).
6(c)	The GCF should strengthen programmatic approaches in	<b>Agree.</b> The Secretariat is pursuing such an approach as part of the Great Green Wall initiative. At the request of	Medium	GCF/B.33/04 lists a series of ongoing initiatives and opportunities for complementarity and cooperation with other climate funds and investors. Notably, it states that the GEF-GCF long-term vision on complementarity will extend GCF collaboration through the two

#	Recommendation	Management response	Rating	IEU comment
	adaptation finance, as they are important to leverage lessons from one project to another and to foster innovative replication. The focus here is on transferring knowledge between projects in the same sector or results area. This should involve different AEs that execute different projects, but closely interact to exchange knowledge, capabilities and approaches.	Sahelian Ministers in September 2020, IFAD and other GCF accredited entities will submit projects for funding consideration by the GCF's Board, under a Great Green Wall umbrella programme. This approach will enhance synergies between projects, increase their impact, and ensure harmonised monitoring and evaluation. If successful, similar approaches could be used in situations where there are similar opportunities for collaboration in various regions, sectors or results areas.		<p>GCF climate initiatives: the Least Developed Countries Fund (LDCF) and the Specialist Climate Fund (SCCF). The GCF aims to complement other climate funds through scaling up and providing blended finance for projects with paradigm shift potential.</p> <p>Regarding learning and knowledge exchange, the GCF and AF are collaborating in a community of practice of DAEs that promotes capacity-building and developing quality funding proposals. The collaboration also provides an avenue for knowledge exchange, learning and experience sharing, and cooperation among DAEs involved in programming climate change adaptation and mitigation finance (GCF/B.33/04, para 46).</p> <p>The Secretariat highlighted the examples of the Great Green Wall and the 13-country Inclusive Green Financing Initiative (IGREENFIN I).</p>

### Abbreviations

<b>AE</b>	Accredited Entity	<b>NAP</b>	National Adaptation Plan
<b>AF</b>	Adaptation Fund	<b>NAPA</b>	National Adaptation Plans of Action
<b>AI</b>	Administrative Instruction	<b>NDA</b>	National Designated Authority
<b>BBM</b>	Between Board Meeting	<b>PA</b>	Programmatic Approach
<b>CCCCC</b>	Caribbean Community Climate Change Center	<b>PAP</b>	Proposal Approval Process
<b>CIC</b>	Climate Investment Committee	<b>PMF</b>	Performance Measurement Frameworks
<b>CoP</b>	Conference of the Parties	<b>PPF</b>	Project Preparation Facility
<b>DMA</b>	Division of Mitigation and Adaptation	<b>PSAA</b>	Project-specific accreditation approach
<b>DPSF</b>	Division of Private Sector Facility	<b>PSAA</b>	Project-specific Accreditation Approach

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<b>ESS</b>	Environmental and Social Safeguards	<b>PSF</b>	Private Sector Facility
<b>EWP</b>	Entity Work Plan	<b>RfP</b>	Request for Proposal
<b>FP</b>	Funding Proposal	<b>RMF</b>	Results Management Framework
<b>GEF</b>	Global Environment Facility	<b>RPSP</b>	Readiness and Preparatory Support Programme
<b>IEU</b>	Independent Evaluation Unit	<b>RRMF</b>	Readiness Results Management Framework
<b>IFAD</b>	International Fund for Agricultural Development	<b>RTT</b>	Results Tracking Tool
<b>IFC</b>	International Finance Corporation	<b>SCCF</b>	Special Climate Change Fund
<b>IRM</b>	Initial Resource Mobilization	<b>SIDS</b>	Small Island Developing States
<b>IRMF</b>	Integrated Results Management Framework	<b>SPR</b>	Second Performance Review
<b>LDCF</b>	Least Developed Countries Fund	<b>TA</b>	Technical Assistance
<b>LOCAL</b>	Local Climate Adaptive Living Mechanism	<b>UAF</b>	Updated accreditation framework
<b>LDCs</b>	Least Developed Countries	<b>UNCDF</b>	United Nations Capital Development Fund
<b>MFS</b>	Mobilising Funding at Scale	<b>UNICEF</b>	United Nations International Children's Emergency Fund
<b>MSME</b>	Micro, Small and Medium-sized enterprises	<b>USP</b>	Updated Strategic Plan

## **Annex 7: Management Action Report on the Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund's Investments in the Least Developed Countries**

1. Decision B.BM-2021/07 established the Green Climate Fund's Evaluation Policy (see document GCF/BM-2021-09). This Policy describes how all evaluations (or reviews or assessments) submitted by the IEU to the Board will have an official management response prepared by the GCF Secretariat (prepared in consultation with relevant GCF stakeholders) to inform Board decision-making (see paragraph 58 (g)/appendix III).
2. Management action reports are prepared by the Independent Evaluation Unit and received by the Board to provide an overview of the Board's consideration of the recommendations, respective management responses, and the status of implementation (see GCF/BM-2021/09, paragraph 28, paragraph 64 (b) / appendix I / appendix III).
3. In preparing this MAR, the IEU considered the Secretariat's management response to the Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund's Investments in the Least Developed Countries.
4. Of the 18 recommendations of the evaluation, the Secretariat agrees with 8 recommendations and partially agrees with 10 recommendations. The Secretariat did not disagree with any of the recommendations. None of the recommendations are for consideration by the GCF Board.
5. For each recommendation made by the IEU evaluation, this MAR provides a rating and commentary prepared by the IEU. The draft rating scale and commentary were shared and discussed with the Secretariat prior to the writing of this report. The comments provided by the Secretariat were then taken into account in the preparation of the MAR. The rating scale for the progress made on the adoption of recommendations is as follows:
  - (a) High: Recommendation is fully incorporated into policy, strategy or operations.
  - (b) Substantial: Recommendation is largely adopted but not fully incorporated into policy, strategy or operations yet.
  - (c) Medium: Recommendation is adopted in some operational and policy work, but not significantly in key areas.
  - (d) Low: No evidence or plan for adoption, or plan and actions for adoption are at a very preliminary stage.
  - (e) Not rated: Ratings or verification will have to wait until more data is available or proposals have been further developed.
6. In terms of the progress made with the adoption of the 18 recommendations set out in the evaluation, the rating "substantial" is given to one recommendation, the rating "medium" is given to 14 recommendations, and the rating of "low" is given for 3 recommendations.

Note: Where acronyms or abbreviations in the text are not explained, please refer to the Abbreviations list thereunder.

#	Recommendation	Management Response	Rating	IEU Comment
<b>RECOMMENDATION 1: The GCF should consider operationalizing, through board decisions, COP guidance specifically about the most vulnerable countries, and particularly LDCs.</b>				
1	The GCF should consider operationalizing, through board decisions, COP guidance specifically about the most vulnerable countries, and particularly LDCs.	<p><b>Partially Agree.</b></p> <p>While this recommendation requests additional Board decisions, the Secretariat already is taking steps within its existing mandate to operationalize COP guidance. The two gaps noted in the evaluation report pertain to implementation of policies, projects and programmes identified in National Adaptation Plans (NAPs) and financial resources for averting, minimizing, and addressing loss and damage.</p> <p>The GCF Secretariat recognises the need to support implementation of NAPs and the policies, projects and programmes formulated through the NAP process. Countries that already have a NAP are welcome to use the USD 3 million available from</p>	Medium	<p>The Readiness programme includes NAP support at the regional, national, and sub-national levels as reconfirmed in the 2022-2023 RPSP work programme (Document GCF/B.33/07). Decision B.33/04 maintained and extended the current RPSP strategy until the end of 2023, including strengthening support for adaptation planning via programmes and investments. Although not approved by the Board, the zero draft of the Review and update of the Green Climate Fund Strategic Plan (GCF/B.34/Inf.17) outlines how the GCF will aim to enhance support for adaptation planning support by specifically focusing on securing access for the urgent needs of LDCs, SIDS and African States.</p> <p>Regarding addressing loss and damage, the GCF has identified possible actions for different programmes such as the RPSP. It also supports countries implementing loss and damage-related activities by improving enabling conditions at the national level. Loss and damage features in the Updated Strategic Plan paragraph 9 (adopted in decision B.27/06, annex 6). Although not approved by the Board, the zero draft of the Review of the GCF's Updated Strategic Plan (GCF/B.34/Inf.17), engages with this critical topic. It outlines how the Secretariat received</p>

#	Recommendation	Management Response	Rating	IEU Comment
		<p>the RPSP to devolve adaptation planning to subnational or sectoral level, or to further develop their adaptation project and programme pipeline. The GCF Secretariat also encourages further development of concept notes resulting from the NAP process, by providing project preparation support to develop them into funding proposals. Any funding proposals resulting from the NAP process are subject to Secretariat review and appraisal and submitted to the Board for approval. The Secretariat will continue working closely with its delivery partners to accelerate the process from concept note development to high quality funding proposal development.</p>		<p>various views on loss and damage through consultation exercises. Some of these views included GCF establishing objectives on loss and damage and setting additional allocations for periodic NAP support for loss and damage. The zero draft of the Review of the GCF's Updated Strategic Plan (GCF/B.34/Inf.17) suggested these topics may be included within the Updated Readiness Strategy slated for B.35.</p> <p>The Secretariat highlighted its active contribution to the consultative processes of the Least Developed Countries Expert Group of the UNFCCC (LEG), where updates concerning GCF adaptation planning support for LDCs were presented. For example, the Secretariat participated in two regional NAP writing workshops for LDCs in 2022.<sup>11</sup> The Secretariat also participated in the NAP Expo in August 2022 in Gaborone, Botswana, where it engaged with LEG and LDCs through dedicated sessions and bilateral engagements clarifying access to GCF funding for NAP formulation and implementation.</p> <p>In terms of loss and damage, the Secretariat said it continues to be guided by the decisions emanating from COP 25 and COP26 defining support for activities relevant to averting, minimizing and</p>

<sup>11</sup> These offer tailored information as per the GCF's ongoing support for NAP formulation and implementation, exchanging views on the future adaptation projects emanating from NAP priorities.

#	Recommendation	Management Response	Rating	IEU Comment
		<p>It should be noted that of the 30 countries that have submitted NAPs to UNFCCC, 19 have accessed GCF resources for NAP implementation through the RPSP and/or funded activities, with an additional four countries having similar proposals in the readiness and/or funding proposal pipeline.<sup>10</sup></p> <p>In regard to loss and damage, Board decided, through decision B.25/07, to continue providing financial resources in accordance with its existing investment, results framework and funding windows and structures. As noted in the evaluation report, loss and damage is already being addressed in some funded activities, RPSP grants and projects being developed through the PPF. As noted in the evaluation report, further</p>		<p>addressing loss and damages, and providing information on relevant activities in its annual reports to COP. The Secretariat noted that the GCF had not received any additional guidance regarding loss and damage from COP27.</p> <p>Furthermore, the Secretariat highlighted how the GCF Strategic Plan: 2024-2027 (USP2) upgrade might clarify the scope and mode of GCF engagement on loss and damage. This could include advancing comprehensive risk management approaches in a complementary manner with other funds, including the any new loss and damage fund.</p>

<sup>10</sup> COP26 NAP Implementation Analysis

#	Recommendation	Management Response	Rating	IEU Comment
		guidance from the COP or the Board would be needed to provide additional clarity and direction on loss and damage.		
<b>RECOMMENDATION 2: The GCF Secretariat should urgently operationalize frameworks and plans on coherence and complementarity into a systematic approach with other climate funds at global, national and project levels.</b>				
2(a)	The Secretariat should clarify processes that consider coherence and complementarity in project origination and appraisal.	<b>Partially Agree.</b> In implementing the provisions on complementarity and coherence from the Governing Instrument and Board decisions in B.17/04 and B.20/05, the Secretariat has sought to avoid applying the concept in a manner that constitutes a new requirement. The funding proposal template already includes a section on complementarity and coherence that allows AEs to elaborate this and for the	Medium	According to the GCF Appraisal Guidance, published in June 2022, the CIC's review of EWPs and CPs considers, among other factors, opportunities to promote complementarity and coherence. The concept note checklist published as annex II to the Appraisal Guidance includes a question on whether the CN provides information on any complementary projects within the region or country and if it describes opportunities for complementarity with those projects. The checklist also asks if the project design contemplated lessons learned from other initiatives.  In funding proposals, AEs are prompted to describe any recent or ongoing projects/interventions related to the proposal from other domestic or international funding sources (B. 1, B. 19) and how the project or programme will complement them (by scaling up, replication, etc.). <sup>12</sup> Except for the sectoral guides on

<sup>12</sup> AEs are also invited to identify current gaps and barriers regarding recent or ongoing projects and elaborate further on how this project or programme complements or addresses these.

#	Recommendation	Management Response	Rating	IEU Comment
		<p>Secretariat to assess the impact on the proposal.</p> <p>Nevertheless, additional guidance and consideration of complementarity could be included in programming efforts to guide and encourage AEs and NDAs, including in partnership with the LDCF.</p>		<p>water security, energy access and power generation, each of the eight published sectoral guides includes a section on complementarity and coherence.<sup>13</sup> However, most of these sections are very short and provide scant information on enhancing complementarity and coherence in that particular sector.<sup>14</sup></p> <p>The draft updated country ownership guidelines, once approved by the Board, may provide further guidance to AEs and NDAs on systematic and participatory engagement among key stakeholders in programme design and development. Such NDA-led collaborative consultations with country coordination members will review existing investments by domestic and international funding partners to identify opportunities for complementarity with those projects.<sup>15</sup> Furthermore, the Secretariat said that a country coordination platform would serve as the main consultative body to review all CNs and proposals.<sup>16</sup></p>

<sup>13</sup> Since the publication of the LDCs evaluation in January 2022, the Secretariat published eight sectoral guides on: (1) Forests and land use (in February 2022), (2) Ecosystems and Ecosystem services (February 2022), (3) Energy access and power generation (May 2022), (4) Low emission transport (August 2022), (5) Water security (August 2022), (6) Energy efficiency (September 2022), (7) Climate information and early warning systems (September 2022), and (8) Health and wellbeing (September 2022).

<sup>14</sup> Exceptions here include sectoral guides on low emission transport and ecosystem and ecosystem services which include detail on complementarity and coherence.

<sup>15</sup> These reviews will also avoid duplication of project activities and identify current gaps and barriers in recent or ongoing projects that benefit from additional investments by proposals to GCF.

<sup>16</sup> For example, AEs will be required to engage NDAs early on idea generation and project design for proposals.

#	Recommendation	Management Response	Rating	IEU Comment
				The Secretariat further highlighted how the GCF Programming Manual emphasizes considering complementarity and coherence with other climate funds, particularly during reviews of country and entity work programmes. The Secretariat stated that the Appraisal Guidance, Programming Manual and Operations Manual constitute a comprehensive and complementary set of materials. They are all living documents, subject to periodic reviews and updates to maintain coherence, consistency and alignment with Board-mandated decisions and policies. The Secretariat confirmed that the June 2022 publication of the Appraisal Guidance made it the most up-to-date and should take precedence in case of any contradiction with the Programming Manual and Operations Manual.
2(b)	The Secretariat should urgently develop and implement guidance on coherence and complementarity for GCF support programmes. Such guidance should consider other support programmes of bilateral and multilateral agencies as well as enabling conditions for climate action	<b>Partially Agree.</b> Through the GCF operational framework on complementarity and coherence, the Secretariat is committed to fostering synergies with other climate finance delivery channels in the climate finance landscape, and the report notes recent steps taken in that direction. The Secretariat currently	Medium	GCF/B.34/Inf.07/Add.02 provides the Annual update on complementarity and coherence for 2021-2022 as described in the Operational Framework (decision B.17/04).  Under Pillar II (Enhanced complementarity at the activity level), the RPSP work programme adopted at B.26 (and extended through 2022 in Decision B.33/04) states that complementarity and coherence are central to a range of RPSP objectives. Under Pillar III (Promotion of coherence at the national programming level), paragraph 18 states that the GCF RPSP continues to act as a key window

#	Recommendation	Management Response	Rating	IEU Comment
	and barriers to paradigm shift.	screens all projects and programs upstream (entity work programs, country programmes, and funding proposals) to promote coherence and to access GCF support programmes. Further guidance on complementarity with bilateral and multilateral agencies can be produced if a mandate is received from the COP or the Board.		to promote coherence. Table 2 details how the Community of Practice for Direct Access Entities (CPDAE) has supported 15 countries to date, and that further RPSP grants in Mongolia, Marshall Islands and Azerbaijan complement prior multi- and bi-lateral engagement and support. <sup>17</sup>  Turning to multi- and bi-lateral agencies, recent activity reports to the Conference of the Parties (COP) highlight engagement with bilateral country programmes and climate fund initiatives. For example, liaising with the Climate Funds Collaboration Platform (see GCF/B.30/Inf.11).
<b>RECOMMENDATION 3: The GCF should strengthen guidance and support to LDCs to enable them to assume ownership in engaging with the GCF.</b>				
3(a)	The Secretariat should urgently clarify the strategic plan and use of country programmes in the LDCs. It should consider strengthening the linkages between GCF country programming and NAP	<b>Agree.</b> Starting with the release of Country Programme Guidance in January 2021, the Secretariat has made a concerted effort to promote country programmes as a key	Low	The Country programme guidance explicitly states that “the GCF Secretariat will actively use country programmes to inform the development of the GCF pipeline and guide project review as well as inform the accreditation process”. It also emphasizes the link between the projects and programmes outlined in the country programmes, national strategies and plans of particular relevance to LDCs, including

<sup>17</sup> Under Pillar IV (Complementarity at the level of delivery of climate finance through an established dialogue), the Annual update on complementarity and coherence for 2021-2022 (GCF/B.34/Inf.07/Add.02) once again refers to the Community of Practice for Direct Access Entities (CPDAE).

#	Recommendation	Management Response	Rating	IEU Comment
	<p>implementation. Country programmes should link country needs with a pipeline of projects and indicate the scale of resources. A country investment strategy aligned with country needs should also be considered.</p>	<p>tool to translate Nationally Determined Contributions, Adaptation Communications, NAPs, and national climate strategies into country-driven investment programmes, identify the top priority projects ideas for each country or region, preferred AEs and how to structure and mobilize potential sources of finance. Recognizing the importance for all countries, especially LDCs, to clarify the use of country programmes, the Secretariat regularly engages NDAs, focal points, and AEs on this issue. As NAP implementation progresses, an increasing number of projects emanating from adaptation planning is expected to enter GCF pipeline. The latest country programming guidelines emphasize that a prioritized project pipeline should be included, responding to countries' needs.</p>		<p>NDCs, ACs, NAPs, Technology Needs Assessments (TNAs), Technology Plans and long-term national strategies. However, the SPR Summary Report indicates a gap between RPSP grant requests, CN or FP submissions, and CPs' project priorities. Despite this guidance and efforts, it is unclear how country programmes are integrated into the review of RPSP proposals, CNs and FPs.</p> <p>Concerning project proposals, the IEU described how the GCF appraisal guidance published in June 2022 considers alignment with national priorities and relevant strategies and plans. Yet, neither the Guidance nor its annexes I (Investment Criteria Scorecard) and II (Concept Note checklist) mention how the country programmes (in particular) are considered in these reviews. The Secretariat highlighted how CNs and FPs are cross-referenced with the pipeline provided in country programmes and information obtained from NDAs through programming calls.</p> <p>Furthermore, the Secretariat noted that the Appraisal Guidance covers stages 3 to 5 of the programming cycle – from the first submission of a Concept Note to the Secretariat up to the submission of a complete Funding Proposal to the Board. In this respect, the Secretariat highlighted how Appraisal Guidance does not cover the development of</p>

#	Recommendation	Management Response	Rating	IEU Comment
				Country Programmes, which is Stage 1 of the programming cycle.
3(b)	The Secretariat should urgently strengthen upstream pre- and post-accreditation support for DAEs to enhance capacity around climate data, accreditation requirements and legal obligations.	<p><b>Agree.</b></p> <p>Such support is important and is already provided within the RPSP. This support facilitates direct access entities (DAEs) in meeting the standards of GCF as soon as possible. It also aids their ability to programme projects with GCF. The updated accreditation framework under development will seek to improve and strengthen the efficiency of the accreditation process in order to substantially shorten overall timelines to be accredited and speed up access through new GCF long-term AE partners, especially DAEs and private sector partners.</p>	Medium	<p>The Updated accreditation framework (UAF) was approved in decision B.31/06, annex IV, and will become effective from 1 April 2023. The UAF included the project-specific assessment approach (PSAA) which offers an alternative avenue for DAEs, specifically those who responded to requests for GCF issued proposals. The guiding principles of the Updated accreditation framework, as adopted by decision B.31/06, encourage entities to “seek institutional accreditation after undergoing the PSAA should they have the potential to be a long-term partner and show interest in aligning their institutional systems to the standards of GCF accreditation” (para. 41). The operationalization of the PSAA is yet to be done.</p> <p>The Board also adopted the Accreditation strategy of the Green Climate Fund in annex VIII to decision B.34/19. The Accreditation strategy details how the Secretariat aims to increase the proportion of Direct Access Entities accredited with the GCF and reconfirms the provision of capacity building support, particularly to DAEs through the RPSP and the PPF. However, the Accreditation Strategy of the Green Climate Fund – Addendum I (Document GCF/B.34/27/Add.01), which lists the responses to Board consultations, clearly details the Board’s</p>

#	Recommendation	Management Response	Rating	IEU Comment
				<p>concerns regarding the time taken to meet legal requirements and obligations. The Secretariat has yet to fully address the pressing issue of capacity support to meet legal obligations. The Secretariat further highlighted how the accreditation strategy prioritizes expanding the AE network to align with programming gaps, which can include direct access entities for countries without a DAE. The Secretariat notes that the Board did not approve the prioritization of specific types of entities for accreditation and that the Board may wish to consider adopting a decision to prioritize first DAEs for countries without a DAE.</p> <p>As noted by the Board in decision B.33/12, document GCF/B.33/05 outlines the steps to enhance the climate rationale of GCF-supported activities. It describes the difficulties DAEs face in assessing climate risks, including accessing data, and linking changes in natural and human systems and vulnerabilities to proposed activities. The opportunities of DAEs to demonstrate the climate rationale of activities and proposals have been improved through decision B.33/12, paragraph h, which formalizes a range of data sources, including indigenous knowledge and practices.</p> <p>To support this process the 2022-2023 RPSP Work Programme (document GCF/B.33/07) emphasizes strengthening institutional capacity via “better</p>

#	Recommendation	Management Response	Rating	IEU Comment
				<p>enabling DAE readiness for GCF programming through support for meeting fiduciary, environmental and social safeguards and gender standards, climate project development and implementation capacity” (Section 1, para 10.b).</p> <p>The Secretariat highlighted that regarding making AMAs effective it will, in the context of the Updated SAP, explore simplifying legal opinion requirements and consider if simplifications can be applied to other projects and programmes, depending on the level of risk involved on a case-by-case basis, particularly regarding the issuing authority. Furthermore, the Secretariat confirmed that it continues to progress negotiations and conclusions of AMAs with AEs, including for re-accreditation and first accreditation.<sup>18</sup> The Board may wish to consider recommended timeframes for completing AMA negotiations, as proposed by the Secretariat in the draft accreditation strategy in document GCF/B.33/08 (noting that these draft recommendations were not adopted in the Accreditation Strategy adopted in decision B.34/19). From 1 January to 20 July 2022, AMAs could not be signed since the Risk Management Committee,</p>

<sup>18</sup> In some cases, AMAs require further time for negotiation, such as those where substantive deviations from GCF policies are involved (thus requiring Board approval), where AEs have experienced changes in their organization and structure during AMA negotiations, or where AEs are required to fulfil (re)accreditation conditions prior to signing or making the AMA effective.

#	Recommendation	Management Response	Rating	IEU Comment
				<p>whose approval was required in the AMA process, was not constituted.</p> <p>Although the Secretariat said its draft accreditation strategy in document GCF/B.33/08 proposed including a programming capacity requirement in its accreditation standards for supporting AEs develop high-quality-at-entry funding proposals (see the draft accreditation strategy in document GCF/B.33/08), the B.34/19 decision did not adopt the requirement. However, the Secretariat further highlights that the B.34/19 decision requests the Secretariat to prepare an information paper on:</p> <ul style="list-style-type: none"> <li>(i) the climate change programming development and implementation competencies and capacities relevant to programming with GCF</li> <li>(ii) options for building or strengthening AEs' capacity, particularly DAEs, including RPSP support, such as technical assistance, cooperation between international access AEs (IAEs) and DAEs, and peer learning where appropriate, present for consideration any recommendations that require decision by the Board.</li> <li>(iii)</li> </ul>

#	Recommendation	Management Response	Rating	IEU Comment
3(c)	<p>To address structural and institutional capacity constraints in the LDCs, the Secretariat should consider sustained GCF support for the secretarial functions of the NDAs/focal points and long-term training for NDAs/focal points. Accountability and tracking of GCF support should urgently be ensured to measure the results of GCF support credibly.</p>	<p><b>Partially Agree.</b></p> <p>Strengthening national designated authorities (NDAs) remains an important support element under Objective 1 of the RPSP (Capacity building for climate finance coordination), and NDAs and focal points can access up to USD 300,000 per year for such needs. Further discussion on widening eligible activities/expenses for LDCs may require approval by the Board. The Secretariat is designing training modules for NDAs/focal points and roll out will include LDCs as priority target for deployment of the training.</p>	Medium	<p>The Secretariat has encouraged NDAs/DAEs to use RPSP resources to embed long-term consultants. NDAs and DAEs can also request technical assistance for project development.</p> <p>According to its 2023 work programme, the Secretariat also intends to deploy its internal network of climate experts to guide and train key developing country partners. They will also assist with the necessary tools and expertise and help build collaborations that will expand best practice guidance and climate resources (GCF/B.34/14/Rev.01). Additionally, the Secretariat aims to expand the deployment of on-call technical assistance to guide and assist NDAs and DAEs in using climate analysis in investment origination. Results on these activities have yet to be seen.</p> <p>The Secretariat launched an online training seminar for NDAs in August. A Spanish version of the seminar was also published in September 2022. The training sets guidance on some of the functions and actions of NDAs or Focal Points and their strategic roles in enhancing country ownership.</p>

#	Recommendation	Management Response	Rating	IEU Comment
				Regarding tracking, the Readiness Results Management Framework was endorsed by the Executive Director in February 2022 and is expected to be fully operationalized in 2023 (GCF/B.34/14/Rev.01). The framework defines outcome and output indicators for each of the five RPSP objectives. It also provides guidance on the information required for assessing each indicator. Finally, the framework defines the roles of AE/NDA and the Secretariat in managing the readiness results.
3(d)	The GCF should strengthen the approach to stakeholder engagement by introducing a policy-level instrument, ensuring definitions and principles of engagement, especially for non-state local actors. This instrument should recognize the engagement of minorities, civil society and particularly vulnerable groups most affected by climate change. It should put special emphasis on project implementation and multi-country projects.	<b>Partially Agree.</b> Stakeholder engagement is important, and it is already a key component of a number of GCF policies. The Revised Environmental and Social Policy applies to all activities financed by the Green Climate Fund (GCF), and to both private and public sector accredited entities (AEs). Requiring AEs to establish meaningful consultation and stakeholder engagement processes is a strategic priority embedded in the environmental and social	Medium	The GCF's Information Disclosure Policy (decision B.12/35) supports meaningful stakeholder engagement as it requires the Secretariat to make documentation public. Under paragraph 12 it states the Secretariat is responsible for ensuring persons, communities and countries affected or potentially affected by activities are consulted.  The revised environmental and social policy (decision B.BM-2021/18) expands on the principle of broad multi-stakeholder support and participation as outlined in the Information Disclosure Policy (decision B.12/35). Moreover, the GCF 'Sustainability guidance note: Designing and ensuring meaningful stakeholder engagement on GCF-financed projects' published on 1 May 2022 reconfirms the importance of consultation and multi-stakeholder engagement. It suggests pathways

#	Recommendation	Management Response	Rating	IEU Comment
		<p>management system and the environmental and social safeguards, the Revised Environmental and Social Policy, the Updated Gender Policy, and the Indigenous Peoples Policy of the GCF.</p> <p>Furthermore, through the implementation of the Information Disclosure Policy, the GCF recognizes the need to ensure public access and stakeholder participation in fulfilling its role.</p> <p>With these requirements, the GCF underscores its commitment to improving the well-being of vulnerable populations and to enhancing the social and environmental outcomes of its activities while avoiding and mitigating any adverse impacts its activities might cause. Integrating the voices of communities and individuals into project and subproject</p>		<p>for meeting the requirements for stakeholder engagement and consultation outlined in GCF policies. Yet, a guidance note is not a GCF policy and is not mandatory.</p> <p>Moreover, after B.30, the Secretariat drafted a Policy Concept Note on revising guidelines for country ownership and stakeholder engagement but they are not yet publicly available. The Secretariat confirmed that the DCP is reviewing the updated Policy Concept Note on country ownership. The Secretariat clarified that the Policy Concept Note includes policy guidelines on county ownership, No-Objection Procedures, stakeholder engagement, and operational guidelines on country-level coordination platforms led by NDAs.</p>

#	Recommendation	Management Response	Rating	IEU Comment
		design and implementation is an essential component of the safeguard policies. Furthermore, the GCF is already in the process of producing a new guidance note on “designing and ensuring meaningful stakeholder engagement on GCF-financed projects.”		
<b>RECOMMENDATION 4: The GCF should support building structures and incentives that provide opportunities and motivation for countries, accredited entities and the Secretariat to engage DAEs.</b>				
4(a)	The Secretariat should assess and develop incentives and accountability mechanisms for IAEs, to enhance project design, implementation and monitoring and evaluation capacities of DAEs in the LDCs. An updated accreditation framework and accreditation strategy should address the critical question	<b>Partially Agree.</b> Many of the mechanisms are already in place within GCF such as the Accreditation Framework. International access entities (IAEs) are required, as formalized in the Accreditation Master Agreement each enters into with GCF, to provide support to DAEs, and per the Monitoring and Accountability	Medium	The updated accreditation framework, adopted in Annex IV to decision B.31/06, states that the IAEs’ re-accreditation review includes, among other elements, “their contribution to building capacity of DAEs as well as reports on their support to DAEs to strengthen capacity of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of GCF in order to enhance country ownership” (paragraph 70(f(iv))). <sup>19</sup>  The IEU’s Synthesis Study for the Second Performance Review highlights three factors that

<sup>19</sup> Note that this does not depart from the provisions already set out in Annex XXVI to decision B.24/13 on the re-accreditation process of accredited entities.

#	Recommendation	Management Response	Rating	IEU Comment
	of purpose and vision for Direct Access at the GCF.	Framework, each IAE reports on the support provided to DAEs every year. IAEs and NDAs/Focal Points are encouraged to consider associating DAEs in project design and implementation as Executing Entities (EEs), and the GCF project portfolio contains instances of such collaboration. Addressing the purpose and vision for Direct Access at the GCF is within the jurisdiction of the Board, and the Secretariat stands guided by the Board as to what is included in the updated accreditation framework and accreditation strategy to be considered by the Board.		<p>contribute to inefficiencies in the accreditation process: (i) process design and implementation, (ii) AE capacities, and (iii) protracted legal negotiations for completing the AMAs. Additionally, it is worth noting the AMA template does not require IAEs to support DAEs. Rather, it states under paragraph 18.02 (k) that “the Accredited Entity covenants (to the extent applicable) that as from the effective date of this Agreement, the date of entering into each FAA and, if different, the date of effectiveness of each FAA, the Accredited Entity [...] shall indicated how it intends to strengthen the capacities of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of the Fund in order to enhance country ownership”.</p> <p>The Board recently adopted the Accreditation Strategy in Annex VIII to decision B.34/19. The strategy seeks to create incentives to encourage IAEs to partner with DAEs.<sup>20</sup> The strategy further proposes prioritizing the re-accreditation of IAEs partnered with subnational, national or regional entities (including DAEs) based in developing countries. Except for this proposed prioritization, the strategy does not clearly explain how it will create the incentives. Finally, neither the</p>

<sup>20</sup> Partnerships may include IAEs selecting DAEs as executing entities for project or programme, IAEs and DAEs submitting their respective funding proposals under an overarching programme, and IAEs taking the role of the executing entity where a DAE is in the AE role for project or programme.

#	Recommendation	Management Response	Rating	IEU Comment
				<p>Accreditation framework nor the Accreditation strategy expand sufficiently on Direct Access at the GCF.<sup>21</sup></p> <p>The Secretariat highlighted how, during the thirty-third meeting of the Board and, further, in document GCF/B.34/09, it stated that the GCF does not have a standard for the type of support expected to be provided by IAEs to DAEs.</p>
4(b)	The Secretariat should promote the twinning of AEs in the project development and project implementation phase, to strengthen the capacity of DAEs through early engagement and involvement in GCF projects in the LDCs.	<p><b>Partially Agree.</b></p> <p>The Secretariat is already promoting the twinning of AEs in the project development and implementation phases (e.g., FP114 with AfDB as the AE and Ecobank as the EE) which includes FPs that channel GCF funds to local banks and microfinance institutions to build the capacity of DAEs in the LDCs. Although twinning of AEs is encouraged, many DAEs prefer to bring their own projects after going through</p>	Medium	<p>The IEU’s Annual Report for 2021 (GCF/B.31/Inf.09) outlines Board inputs received, where some Board members expressed the need for (i) care when ‘twinning’ IAEs and DAEs for proposal submission, and (ii) an established modality if this was to be pursued. Moreover, some Board members suggested this approach could be considered in the process of formulating the accreditation strategy. But a review of the Accreditation Strategy presented in document GCF/B.32/27 finds no mention of this approach for strengthening DAE capacity.</p> <p>While the RPSP 2022-2023 work programme (document GCF/B.33/07) aims to better enable “DAE readiness for GCF programming through support for meeting (GCF) standards” (Section 1,</p>

<sup>21</sup> The Framework only mentions that “direct access entities (DAEs) are important for promoting country ownership and understanding national priorities and contributions towards low-emission and climate-resilient development pathways” (para. 5).

#	Recommendation	Management Response	Rating	IEU Comment
		<p>the accreditation process. Given the lengthy program implementation timeline, this approach could cause delays in building DAEs' internal capacity to develop their own project. To efficiently strengthen the capacity of DAEs, separate capacity building activities including technical assistance grant support in funding proposals or RPSP grants may be considered.</p> <p>However, promoting the twinning of AEs also needs to be complemented by the required accreditation scale and responsibility, as each AE needs to have an accreditation scope encompassing all the aspects, financial instruments, and environmental and social risks of the project. In cases where the accreditation scopes do not align, separate but inter-dependent projects could be presented, as was the</p>		<p>para 10.b) it remains silent on the twinning of IAEs and DAEs.</p> <p>The Secretariat highlighted that such “twinning” has created challenges related to clarifying which AE has the ultimate responsibility (and thus liability) over the project or programme, as well as in separating each AE’s project implementation, monitoring and reporting obligations. The Secretariat highlighted that reconciling the GCF’s business model – particularly its relationship with AEs as GCF’s counterparty in project development and implementation – and the objectives, structures and incentives for twinning arrangements may be further addressed by the Board at its thirty-fifth meeting when it reviews the strategic matters related to accreditation. The Secretariat also offered an example of two AEs submitting a FP jointly (FP026), and an example of two AEs submitting a larger and connected programme with each funding proposal submitted by different AEs (FP151 and FP152).</p>

#	Recommendation	Management Response	Rating	IEU Comment
		case for FP151 (IUCN as AE) and FP152 (PCA as AE).		
4(c)	The GCF should encourage and incentivize countries and DAEs to take a strategic approach when nominating for direct access.	<p><b>Agree.</b></p> <p>The Secretariat incentivizes already both upstream when discussing accreditation strategies with countries and when DAE nominations are received by the Secretariat and a decision has to be made to provide applicants access to the platform to submit their accreditation application. The updated accreditation framework, if approved by the Board, would provide more incentives for strategic nominations for accreditation.</p>	Medium	<p>The Accreditation strategy approved at B.34, adopted by the Board in annex VIII to decision B.34/19, includes updating re-accreditation and accreditation guidance to NDAs and entities. It further states that the GCF will proactively engage with and incentivize NDAs to ensure quality NDAs make quality AE nominations and to support their capacity to undertake this role. The Updated Accreditation Framework, approved in decision B.31/06 annex IV (effective from 1 April 2023), also states that NDAs/focal points are expected to develop a strategy or approach to accreditation. This approach is to include the nomination of DAEs and confirmation that the entity can fulfil the role and responsibilities of an AE and is best suited to undertake their country's climate change programming priorities. The framework further states that NDAs/focal points may access RPSP support to assist their country in developing an accreditation strategy or approach. NDAs/focal points must also identify and nominate the most relevant DAEs capable of advancing their programming priorities to meet GCF policies, standards and other requirements.</p> <p>The Secretariat said that NDAs are using an assessment matrix to check DAE's potential</p>

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				suitability for programming with the GCF. This may have resulted in some nominated entities transitioning into executing entities to support more appropriate DAEs.
4(d)	While considering fiduciary and environmental and social safeguards performance, the Secretariat should provide tailored support to DAEs that demonstrate adequate capacity and ambition to fight climate change in the country through engagement with the GCF. A tailored approach should consider developing qualifying criteria and pathways to help DAEs graduate and deliver medium and large projects.	<p><b>Partially Agree.</b></p> <p>Support to DAEs is already available through the RPSP and is provided at NDAs/Focal Points' request. The support includes AE capacity building in various areas and assistance to address accreditation conditions.</p> <p>As far as pathways to help DAEs increase the size limit of projects to medium and large, the current accreditation framework subjects the accreditation scale to the track record provided at the time of the accreditation, accreditation upgrade or re-accreditation application. One could explore using experience acquired while serving as an executing entity and determine criteria that</p>	Medium	The Accreditation strategy, adopted by the Board in annex VIII to decision B.34/19, details how increasing the share of direct access entities will be achieved through: (i) consolidating programming engagement with capacity-ready DAEs, (ii) incentivizing and engaging AEs to programme in underserved areas of programming (iii) supporting an increase in programming by DAEs with proven ability to deliver on programming goals, especially for adaptation and the private sector, and (iv) creating incentives to encourage IAEs to partner with DAEs. Since the Updated accreditation framework (UAF) was approved in decision B.31/06, annex IV (effective from 1 April 2023), entities wishing to scale up their programming scope can partner with GCF not only as institutionally accredited entities but as project specific (PSAA) partners. In addition, the financing size of each entity is considered for every accreditation. Paragraph 9 (a) (iv) details the channels through which IAEs can partner with DAEs. These may include IAEs selecting DAEs as executing entities for projects or programmes, co-developing a programme, or IAEs acting as an executing entity

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		<p>would make such experience qualified track record.</p>		<p>when a DAE is in the AE. Such co-operation would enhance a DAE's track record in areas such as applying institutional-level systems, policies and procedures that meet GCF accreditation standards. The operationalization of PSAA is yet to be seen.</p> <p>However, the Accreditation strategy is relatively silent on DAEs graduating to deliver medium and large projects. Based on portfolio analysis in document GCF/B.32/08, the Addendum to the B.34 Accreditation strategy (GCF/B.34/27/Add.01), identified a gap in AE network coverage and capabilities when private sector DAEs with the capacity to operate at a medium or large scale utilize both equity and guarantees (p. 8). It also notes comments raised during B.33 pointing to IAEs using their own resources to support DAE capacity-building. As some IAEs' mandates are not centered on external capacity development, the Secretariat noted that positioning DAEs as EEs in IAE projects or programmes would strengthen the DAE's position. This would be equally true if DAEs positioned IAEs as EEs in their projects or programmes.</p> <p>The Secretariat reiterated that the Accreditation Strategy adopted in decision B.34/19 aims to provide programming, which includes creating incentives to encourage IAEs to partner with DAEs.</p>

#	Recommendation	Management Response	Rating	IEU Comment
<b>RECOMMENDATION 5: The GCF should clarify the links between GCF support programmes, such as RPSP and PPF, and funding modalities, including SAP, and streamline these connections to increase efficiency in project appraisal and programming.</b>				
5(a)	<p>The PPF application process should be streamlined and requirements simplified. The GCF should also address the coherence and complementarity of GCF support programmes internally. Externally, it should support programmes of other funds.</p>	<p><b>Agree.</b></p> <p>To support the DAEs in LDCs, the Secretariat has already undertaken streamlining and simplifying the PPF application process. New modalities such as simplified PPF funding and PPF service have been developed to cater to different needs of countries and AEs, particularly for the LDCs and DAEs.</p> <p>The Secretariat continuously works closely through the RPSP to support DAEs and NDAs in project preparation, especially in the LDCs and has recently created a comprehensive project development technical assistance system via a roster of independent firms to address the coherence and</p>	Medium	<p>Steps to simplify the PPF process were taken in 2021. The 2021 and 2022 Work Programmes of the Secretariat (GCF/B.27/04, GCF/B.30/09, respectively) highlight a degree of internal coordination across GCF support programmes through the development of knowledge products. The Secretariat underscored it has taken a range of actions to streamline further and simplify the PPF approval process. These include designing and approving an administrative instruction for delegating the approval of PPF grants, services and technical assistance (to the DED) and allowing PPF to be approved based on project ideas. The Secretariat stated that in 2022, eight out of 17 approved projects (almost 50 per cent) were prepared with PPF support.</p> <p>Finally, the Secretariat highlighted greater coordination between Secretariat support programmes (RPSP and PPF) in the operational continuity between the two processes and services (for example, by utilizing the PPF roster of firms to support RPSP technical assistance requests). The IEU notes that the Secretariat has not commented on supporting other funds' programmes.</p>

#	Recommendation	Management Response	Rating	IEU Comment
		<p>complementarity of GCF support programmes.</p> <p>Support for programmes of other funds would require a change in mandate from the Board.</p>		
5(b)	The Secretariat should consider integrating the concept note review into the project appraisal process to avoid duplication in reviewing the concept notes.	<p><b>Partially Agree.</b></p> <p>The Secretariat acknowledges the challenges of preparing funding proposals in LDCs, particularly among DAEs, and concept notes are already subject to appraisal. The Secretariat has undertaken reforms to simplify and expedite the concept note and project review process, the results of which have been published for AEs in the Programming Manual, and proposals for improvements to the SAP have been presented for Board consideration. The Secretariat</p>	Substantial	<p>According to the Programming Manual, the review of CNs submitted to the Secretariat is conducted by the origination and structuring team (OST), which provides recommendations on proposal improvements. The CN may be recommended to progress as an FP, to be further developed for resubmission including for PPF support, or to be rejected if found ineligible for GCF support or investment criteria (p. 18).</p> <p>The GCF Appraisal Guidance, published in June 2022, provides a list of tools and guidance AEs can use in the due diligence and appraisal process.<sup>22</sup> The Secretariat's Climate Investment Committee (CIC) oversees the development, management and financial planning of the pipeline of CNs and FPs submitted. CN status is trackable via the information programme management system (IPMS). CN submission occurs in the strategy, origination and</p>

<sup>22</sup> Table 5 (p.47) maps these tools and guidance documents clearly into the stages of the CN development, CN submission (stage 3), FP development (stage 4) and FP review (stage 5). Tools and guidance documents are publicly available except for the financial structuring tool, concessionality tool, and project success rating.

#	Recommendation	Management Response	Rating	IEU Comment
		is also developing Appraisal Guidelines and tools, which are intended to clarify the current functions and responsibilities of the Secretariat involved in the appraisal processes from concept note/funding proposal submission, up to submission to the independent Technical Advisory Panel. The Secretariat is also developing a set of complementary appraisal tools that may be used by AEs in their primary due diligence and appraisal role. Regarding PPF, pursuant to decision B.13/21 and the updated project and programme activity cycle in the Board Decision B.17/09, Annex IV, the Secretariat reports to the Board on the progression of concept notes receiving PPF support.		structuring phase before the technical review and project appraisal phase, which begins with FP development. While the requirement for CIC clearance adds an extra layer of review, it ensures better quality FP submissions for Board approval. While CNs are mandatory for PPF and SAP, they remain voluntary for FPs. Still, they are strongly encouraged for their value in increasing the “quality at entry” of FPs, reducing review times and lowering transaction costs for all stakeholders. If approved to progress as an FP, the Secretariat conducts a review and completeness check of the required information or documentation. At this stage, a secondary review of the CN is necessary to ensure the FP was developed in line with the guidance provided at the CN stage. (p. 34)
5(c)	The Secretariat should acknowledge and contribute	<b>Partially Agree.</b>	Low	The Updated board work plan for 2020-2023 does not include an LDC strategy. However, the

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	towards the additional costs, specifically owing to the context of the LDCs.	The development of a strategy for LDCs would identify the costs that are not already taken into account by existing tolerance level, such as for fees, or addressed by existing support mechanisms and propose modalities to provide LDCs further assistance. The Secretariat already acknowledges and considers the additional costs and challenges in the context of the LDCs into consideration when assessing funding proposals and developing a strategy for LDCs. For example, it is understood that cost efficiency (expressed in USD/tCO <sub>2</sub> eq) may be higher for investments in LDCs and SIDS compared to more developed markets. Particular attention to the individual country context is also given when evaluating the appropriate level of technical assistance grant funding in funding proposals targeting		Secretariat's 2023 Work programme, approved in annex XV to decision B.34/05, indicates that one of the key DCP 2023 deliverables includes developing cross-regional strategies for LDCs and for SIDS, in collaboration with relevant divisions, to deliver more significant mitigation and adaptation impact.

#	Recommendation	Management Response	Rating	IEU Comment
		LDCs. Support is also available through RPSP and PPF, and additional modalities would need to be approved by the Board.		
<p><b>RECOMMENDATION 6: The GCF should adopt, implement and promote an inclusive knowledge management framework across the Secretariat and stakeholders, based on lessons learned, project evaluations, impact assessments and structured dialogues to guide NDAs, AEs and DAEs.</b></p>				
6	The GCF should adopt, implement and promote an inclusive knowledge management framework across the Secretariat and stakeholders, based on lessons learned, project evaluations, impact assessments and structured dialogues to guide NDAs, AEs and DAEs.	<p><b>Agree.</b></p> <p>As a way to promote inclusive knowledge sharing, the Secretariat uses regional and DAE targeted events to share knowledge on lessons learned, project evaluations and impact assessments with relevant stakeholders. Further, as the Secretariat continues to strive to be a learning institution per the Governing Instrument, several knowledge-based products are being developed, such as sectoral guides and appraisal guidelines, which will be uploaded to a dedicated website. An onboarding</p>	Medium	<p>The Secretariat has used regional, DAE and wider events to share information, including through developing and updating knowledge products for RPSP, PPF, and EDA (see GCF/B.30/09, para. 112). Webinars on the SAP were held in 2022. Following the approval of the Update of the SAP at B.32, the Secretariat has begun updating its SAP knowledge products.</p> <p>More broadly, the Secretariat has facilitated learning and knowledge sharing through exchanges with sister climate funds. Examples include the AF via a DAE community of practice (GCF/B.33/04, para 46), the implementation of the Climate Funds Collaboration Roadmap. Others include the GCF-GEF Long-term vision and collaborating with the CIFs (see GCF/B.33/Inf.06; GCF/B.34/Inf.07). The Secretariat also participates annually in an IFI</p>

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		programme will also be launched which will provide further guidance to NDAs, AEs and DAEs.		<p>knowledge management community of practice workshop.</p> <p>GCF's sectoral guides provide an overview and understanding of country needs and how targeted GCF investments aligned with country priorities could achieve optimal impact for each sector. The Secretariat has summarized 10 sectoral guides (published on 2 December 2022).</p> <p>The IEU notes that while these discrete activities are relevant and welcome, they do not constitute an inclusive knowledge management framework. The Secretariat clarified that its initial attempt to set up an inclusive knowledge management framework included CRM development, GCF taxonomy related activities, guidelines on knowledge products and learning loops methodology. The forthcoming knowledge management roadmap may move towards having both central and embedded functions, including approaching formal partners and developing knowledge partnerships.</p>
<p><b>RECOMMENDATION 7: The GCF should ensure the tools and systems for effective results management, including the monitoring and accountability framework, are operationalized, transparent and accurate, to ensure trust and results.</b></p>				
7(a)	The GCF should consider incentivizing, in particular in data poor contexts, the development and use of	<p><b>Agree.</b></p> <p>The Secretariat promotes and encourages the AEs to use <b>national data systems</b> where</p>	Medium	The Secretariat submitted an informational paper outlining steps to enhance the climate rationale of GCF-supported activities in GCF/B.33/05. The document recognized the value of local information.

#	Recommendation	Management Response	Rating	IEU Comment
	country monitoring systems to strengthen monitoring and evaluation capacity and management in the long term.	possible when reviewing FPs. As GCF is a second-level organization, the development of country monitoring systems may be better suited for RPSP, and the Secretariat will assess and communicate the needs to countries which will allow them to see the need and develop RPSP programmes in response.		<p>It noted the variation in information and data availability across countries and contexts and stated that the GCF does not prescribe the use of any specific information or data type. It further emphasized the value of developing climate analyses using multiple sources of evidence. It also stated that, when determining climate risk by combining historical data and future climate projects, proposals should consider the consistency and agreement between the different sources of information. This information may include traditional, local and indigenous knowledge and practices. The Secretariat has previously supported developing or strengthening localized information and monitoring systems via the RPSP.<sup>23</sup></p> <p>The Secretariat underscored that it regularly reminds NDAs, AEs and Readiness DPs of the opportunity to use RPSP resources in strengthening local data and monitoring systems. The Secretariat explained that this is in consideration of the challenges related to local data availability and associated implications for countries trying to provide accurate progress under the Paris Agreement, alongside GCF's requirement to</p>

<sup>23</sup> Relevant RPSP proposals include (i) strengthening Institutional Information Services to support decision-making for Climate Change in the AFOLU sector in Angola (approved in December 2020) (ii) strengthening NDA Capacity on Project Evaluation and Development of Climate Finance Strategy to Enhance Papua New Guinea's Access to Climate Finance (approved in February 2022) and (iii) supporting the Republic of Tajikistan to strengthen its capacities for monitoring and evaluation of climate finance, identifying potential Direct Access Entities and engaging the private sector on climate change-related investments with the Green Climate Fund (approved in December 2020).

#	Recommendation	Management Response	Rating	IEU Comment
				demonstrate a strong climate basis in FP development.
7(b)	The Secretariat should consider revisiting indicators and reporting on gender to allow for the monitoring of gendered outcomes.	<p><b>Agree.</b></p> <p>Following Board Decision B.29/01, the Integrated Results Management Framework (IRMF) was approved as the primary channel through which the GCF monitors, analyses and reports the aggregated, portfolio-wide results of the Fund's projects and programmes. The required indicators and disaggregated data on gender are a focus in the IRMF and captured in the Updated Gender Policy of the GCF, and they were identified through interviews that were conducted before the development of the IRMF. The Secretariat agrees that enhanced monitoring of gender outcomes could assist in improving the gender</p>	Low	<p>Through decision B.29/01, annex 1, the IRMF merges the initial results and performance management frameworks to monitor, analyse, and report GCF's portfolio-wide impact. The IRMF came into force at B.32. The IRMF reduces core and supplementary indicators from 41 to 23. Core and supplementary indicators 2.1 to 2.7 are all disaggregated by gender (see para. 17(g), p. 26). The IRMF put limited emphasis on and consideration of gender outcomes, beyond sex-disaggregation.</p> <p>The Secretariat highlighted it is undertaking enhanced monitoring of gender outcomes and foresees this will help improve the gender outcomes of future projects. Furthermore, the Secretariat said it will propose an update to the GCF's Gender Action Plan that takes monitoring into account.</p>

#	Recommendation	Management Response	Rating	IEU Comment
		outcomes of projects, and lead to more ambitious indicators being put forward in future projects and programmes.		
7(c)	The GCF Secretariat should develop and implement tools to define and track how the use of indigenous people's concerns are addressed in the project development and implementation of GCF projects.	<b>Agree.</b> In 2022, the Indigenous Peoples Advisory Group of the GCF will become operational. The key functions of the group include, inter alia, to provide advice on GCF-financed activities affecting indigenous peoples; and to review the implementation and monitoring of the Indigenous Peoples Policy. The group will draw up a workplan. Once the Indigenous Peoples Advisory Group is operationalized, the need for tools and tracking can be considered.	Medium	The IPAG was constituted in February 2022 and held its first meeting on 26-28 September 2022. The three-day meeting saw the articulation of the IPAG multi-year work plan. The plan outlines advice on activities affecting indigenous peoples, defines practical steps in implementing and monitoring GCF's Indigenous Peoples Policy. It also provides other guidance when requested by the Board. It is planned that the IPAG workplan will be made publicly available in early 2023. The Secretariat further highlighted that while indigenous peoples' outcomes are monitored through the review and analysis of APRs, the IPAG will also examine this issue as part of its advisory function. The IEU notes that the tools to define and track indigenous peoples' concerns are still pending.

### Abbreviations

**AE** Accredited entities  
**AF** Adaptation Fund  
**AfDB** African Development Bank  
**AFOLU** Agriculture, Forestry and Other Land Uses

**IFI** International Financial Institution  
**IPAG** Indigenous Peoples Advisory Group  
**IPMS** Information programme management system  
**IRMF** Integrated Results Management Framework

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<b>AMA</b>	Accreditation Master Agreement	<b>LDCs</b>	Least Developed Countries
<b>CIC</b>	Climate Investment Committee	<b>LEG</b>	Least Developed Countries Expert Group
<b>CN</b>	Concept Note	<b>LTV</b>	Long-Term vision
<b>COP</b>	Conference of the Parties	<b>MAR</b>	Management Action Report
<b>CP</b>	Country Programme	<b>NAP</b>	National Adaptation Plans
<b>CPDAE</b>	Community of Practice for Direct Access Entities	<b>NDA</b>	National designated authorities
<b>DAE</b>	Direct access entities	<b>OGA</b>	Office of General Affairs
<b>DCP</b>	Division of Country Programming	<b>OST</b>	Origination and structuring team
<b>E&amp;S</b>	environmental and social	<b>PPF</b>	Project Preparation Facility
<b>EE</b>	Executing Entities	<b>PSAA</b>	Project-Specific Accreditation Approach
<b>ESS</b>	Environmental and Social Safeguards	<b>PSAA</b>	Project-specific assessment approach
<b>FAA</b>	Funded activity agreement	<b>RfP</b>	Request for Proposal
<b>FP</b>	Funding Proposal	<b>RPSP</b>	Readiness and Preparatory Support Programme
<b>GCF</b>	Green Climate Fund	<b>RWG</b>	Readiness Working Group
<b>GEF</b>	Global Environment Facility	<b>SIDS</b>	Small Island Developing States
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Corporation for International Cooperation)	<b>SPR</b>	Second Performance Review
<b>GPC</b>	Global Programming Conference	<b>UAF</b>	Updated accreditation framework
<b>IAE</b>	International access entities	<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>IE</b>	Impact Evaluation	<b>USP</b>	Updated Strategic Plan

## **Annex 8: Management Action Report on the Independent evaluation of the Green Climate Fund's Approach to the Private Sector**

1. Decision B.BM-2021/07 established the Green Climate Fund's Evaluation Policy (see document GCF/BM-2021-09). This Policy describes how all evaluations (or reviews or assessments) submitted by the IEU to the Board will have an official management response prepared by the GCF Secretariat (prepared in consultation with relevant GCF stakeholders) to inform Board decision-making (see paragraph 58 (g)/appendix III).
2. Management action reports are prepared by the Independent Evaluation Unit and received by the Board to provide an overview of the Board's consideration of the recommendations, respective management responses, and the status of implementation (see GCF/BM-2021/09, paragraph 28, paragraph 64 (b) / appendix I / appendix III).
3. In preparing this MAR, the IEU considered the Secretariat's management response to the Independent evaluation of the Green Climate Fund's Approach to the Private Sector.
4. Of the 22 recommendations of the evaluation, the Secretariat agrees with 16 recommendations and partially agrees with 6 recommendations. The Secretariat did not disagree with any of the recommendations. None of the recommendations are for consideration by the GCF Board.
5. For each recommendation made by the IEU evaluation, this MAR provides a rating and commentary prepared by the IEU. The draft rating scale and commentary were shared and discussed with the Secretariat prior to the writing of this report. The comments provided by the Secretariat were then taken into account in the preparation of the MAR. The rating scale for the progress made on the adoption of recommendations is as follows:
  - (a) High: Recommendation is fully incorporated into policy, strategy or operations.
  - (b) Substantial: Recommendation is largely adopted but not fully incorporated into policy, strategy or operations yet.
  - (c) Medium: Recommendation is adopted in some operational and policy work, but not significantly in key areas.
  - (d) Low: No evidence or plan for adoption, or plan and actions for adoption are at a very preliminary stage.
  - (e) Not rated: Ratings or verification will have to wait until more data is available or proposals have been further developed.
6. In terms of the progress made with the adoption of the 22 recommendations set out in the evaluation, the rating "substantial" is given to two recommendations, the rating "medium" is given to 13 recommendations, and the rating of "low" is given for seven recommendations.

Note: Where acronyms or abbreviations in the text are not explained, please refer to the Abbreviations list thereunder.

#	Recommendation	Management response	Rating	IEU comment
<p><b>RECOMMENDATION 1. The Board and the Secretariat may wish to clarify that the GCF is a high-risk fund that aims to catalyse investment in transformative adaptation and mitigation projects, rather than only a high-leverage fund that aims to maximize the quantity of co-investment.</b></p>				
1(a)	<p>In line with the GI, strategically determine which private sector actors the GCF will target<sup>24</sup> and identify and adopt the appropriate modalities for engaging them (strategic, short term).</p>	<p><b>Agree.</b></p> <p>This recommendation can be addressed through Board approval of the Updated Accreditation Framework (UAF), which help GCF build a portfolio of private-sector partners that can support the development and implementation of country-driven, private sector projects. To complement these changes, the GCF's draft private sector strategy proposes that the Secretariat will increase its engagement with the private sector through three action modalities:</p> <p>(a) <i>Accreditation:</i> If approved with the UAF, the Secretariat would undertake a mapping exercise that would, among other things, identify the most suitable private sector partners to meet GCF's programming objectives,</p>	Medium	<p>The Board adopted the Updated Accreditation Framework (UAF) in decision B.31/06, annex IV. The framework will come into effect 1 April 2023.</p> <p>The Private sector strategy, adopted in Annex V to decision B.32/06, overviews the private sector actors targeted in the GCF's private sector outreach plan. Although no details are provided, plan adopted in Annex VI to decision B.32/06 indicates the Secretariat will map private sector partners best suited to meet GCF programming objectives.</p> <p>Moreover, the Board also adopted the Accreditation strategy of the Green Climate Fund in annex VIII to decision B.34/19. Under the second aim of the strategy, the Secretariat further confirmed it will use accreditation strategically while increasing the share of the Direct Access Entities, helping to diversify the GCF's AE network.</p> <p>Furthermore, under the second aim of the strategy, the Secretariat will provide capacity building support through the RPSP and the PPF, particularly to DAEs. Paragraph 28 of the Private sector strategy states that it will promote engagement with the private sector by ensuring all RPSP proposals assist national actors in</p>

<sup>24</sup> For instance, actors may range from fishers and farmers, MSMEs, to international banks, heavy industry and/or corporations.

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		<p>notably in terms of adaptation and catalysing private climate finance for LDCs and SIDS. This will enable the GCF to diversify its AE network. Particular attention will be given to engaging with developing country institutions and leveraging the Readiness and Preparatory Support Programme (RPSP) to increase the share of private sector DAEs.</p> <p>(b) <i>Project-specific assessment approach (PSAA):</i> Approval of PSAA within the proposed UAF under Board consideration will be critical for the GCF to effectively scale up its efforts in accelerating climate innovation. The PSAA would significantly decrease the time it takes for accreditation, creating a stronger value proposition for the private sector and a more viable path to working</p>		<p>developing policies and strategies relating to finance and investment. <b>However, it is relatively silent on accreditation and does not indicate how it will leverage the RPSP to increase the share of private sector DAEs.</b></p> <p>In addition, the Accreditation strategy outlines how the three-year PSAA pilot will expand GCF potential to fulfil strategic objectives by working with countries, entities, sectors and technologies that the GCF has underserved and are not engaged by existing AE networks. In these respects, it is important to recall that Board decision B.31/06, paragraph (h) requested the Secretariat and iTAP to prioritize, <i>inter alia</i>, entities responding to requests for proposal issued by GCF, particularly EDA, MSME and MFS.</p> <p>In terms of building partnership coalitions, the private sector strategy states that the Secretariat will leverage its domestic and international partner networks to encourage philanthropies, corporates and other impact investors to co-invest in platforms at scale. The Private sector strategy highlights early-stage financing as a modality to encourage innovative support for climate technologies, especially adaptation technologies, to cover high upfront costs, risks, and practices.</p> <p>The Secretariat further highlighted how work is underway on the relevant PSAA templates and guidance for the Secretariat and entity applicants. Moreover, the Secretariat has clarified that in the first year of the three-year pilot, the Secretariat will prioritize the review of proposals as directed by the</p>

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		<p>with GCF for DAEs. This would help address the concern expressed by some entities that the GCF processes are overly complex and time consuming.</p> <p><i>Building partnership coalitions with GCF and AEs as co-financiers, including through early-stage funds and investment platforms:</i> The Secretariat will increase its efforts to partner with impact investing organizations to co-invest in new climate solutions, particularly in adaptation and for LDCs and SIDS. The Secretariat would also leverage its private sector mapping to connect AEs with investors. For example, an investment syndication desk, if introduced, could allow non-accredited entities to invest in GCF approved projects through an investment platform.</p>		<p>Board and expects the PSAA to have the most significant impact on the Mobilising Funds at Scale RfP. All proposals submitted through the PSAA will be subject to GCF priorities as outlined in the most recent strategic plan.</p>
1(b)	<p>Accordingly, determine and foster ambitious targets for private sector engagement in all GCF result areas.</p>	<p><b>Agree.</b></p> <p>The Secretariat is guided by the targets set by the Board under the USP. Using the four-pronged approach described above, GCF's draft private sector</p>	Medium	<p>Board decision B.27/06, in which the GCF's Updated Strategic Plan 2020-2023 was adopted, set the following parameters and guidelines for allocation for GCF-1:</p>

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	Develop and scale solutions by sharing new tools, methods, technologies and innovation to achieve these targets, such as systems for results management, including by drawing lessons from comparable climate funds <sup>25</sup> (operational, long term).	<p>strategy (in line with the GI) aims to catalyse private climate finance in a manner fully aligned with a country-driven approach to meet both developing country needs and the GCF-1 portfolio targets set out in the USP. Since 2019, the GCF, together with the Climate Investment Funds, the GEF, Adaptation Fund and NAMA Facility have established a joint collaborative Platform on indicators and results management (the Climate Funds Collaboration Platform on Results Indicators and Methodologies for Measuring Impact), which serves as a place for the exchange of learnings and experience among climate funds.</p> <p>Those learnings have been used in the update of the GCF IRMF. More developed knowledge management capacity could allow the GCF to act as a convener among climate funds and other partners, and events like the annual Global Private Investment Conference (GPIC) promote knowledge sharing and lessons learned. However, specific targets on these initiatives</p>		<p>a. Maximize engagement with the private sector, including micro, small and medium sized enterprises, ensuring Private Sector Facility allocations exceed 20 per cent</p> <p>b. Significantly increase mobilized private sector finance at the portfolio level relative to the initial resource mobilization</p> <p>The IEU provided projections on the USP targets in its SPR Summary report with data available up to B.33 (GCF/B.34/Inf.08). The analysis found that the GCF is not likely to meet the PSF target as per the IRM, as the pool of private AEs is limited number and project capacities.</p> <p>While not approved, the zero draft of the GCF-Strategic plan for 2024-2027 (USP-2) proposed a more ambitious programming direction. The plan aims to increase the share of annual programming directed through PSF to 40 per cent in nominal terms (GCF/B.34/Inf.17/Add.01). The draft highlighted 10 points where the Fund's efforts to catalyse private sector finance can be improved.</p> <p>The Secretariat is also continuing its engagement with climate funds including through the implementation of the Climate Funds Collaboration Roadmap and the GCF-GEF Long-term vision. These efforts revolve</p>

<sup>25</sup> See the Global Environment Facility's Private Sector Strategy for early lessons for targets on catalysation and measurement of results.

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		should take operational and resource constraints into consideration.		around knowledge sharing for improved results management, collaborative communication, the identification of scaling up opportunities and other synergies and collaboration opportunities (GCF/B.30/Inf.11; GCF/B.31/Inf.01; GCF/B.33/Inf.06; GCF/B.34/Inf.07).
1(c)	Adopt a policy on concessionality to require project proposals to systematically assess wider market conditions to determine the private sector's appetite to bear identified risks, the additionality of the GCF finance proposed, and the level of concessionality required to make the project viable. As part of the internal guidance of the GCF on how the policy on concessionality will be applied, indicate that project proposals should only be approved if they demonstrate that GCF finance is targeting identified risks that the	<p><b>Agree.</b></p> <p>Consideration of a Policy on Concessionality is part of the Board work plan for 2020-2023, and the Secretariat has drafted and consulted with the Board on the policy proposals. Consistent with the initial Investment Framework and the investment criteria, Secretariat assessments of private sector funding proposals assess financial adequacy and the appropriateness of concessionality to ensure the proposed financial structure is reasonable and does not crowd out private or other public investment. The Secretariat also is currently in the process of developing an internal Additionality Tool that should support the assessment of additionality of funding proposals.</p>	Medium	<p>The Secretariat submitted its approach to the Policy on concessionality to the Board in GCF/B.29/Inf.11. While the Board did not approve the document, it outlines how the Secretariat proposes a phased approach for implementing the policy, beginning with capacity building and a series of training sessions for external GCF stakeholders and focal points involved in developing FPs. Paragraph 6 outlines how Board consideration of the policy is included with the 2022-2023 workplan's approach to updating GCF policies and procedures. GCF/B.34/28/annex XV paragraph 105 (i) says the Secretariat will spearhead the development of financial policies on concessionality within 2023. Paragraph 10b of the document emphasizes key principles supporting concessionality for FPs, specifically the consideration of "maximizing the mobilization effect of GCF funding and avoiding crowding out private sector investments". These are not yet adopted by the Board, however.</p> <p>The Innovation and Additionality Tool (IAT, published on the GCF website in June 2022) assesses the Adaptation and Mitigation components of AE proposals</p>

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	private sector is not willing to bear. Where the additionality of the GCF's support is weak, do not undertake any engagement (operational, short term).			and is intended to be applicable at both CN and FP stages. Indicator 1(c) of the tool covers the justification of the concessionality. The Secretariat is also developing a Concessionality Tool to calculate the minimum level of GCF financing required to make a project or programme viable based on the appropriate financial instruments. The Secretariat said it is currently applying the IAT to all CN/FPs before their presentation to CIC2 on a pilot basis.
1(d)	Develop and adopt metrics and reporting for measuring the catalytic impact of interventions that do not focus narrowly on leverage ratios, and ensure adaptive management of the project (operational, short term).	<p><b>Partially Agree.</b></p> <p>The Secretariat stands ready to support Board deliberations of metrics to complement and supplement those contained in the USP, the Policy on Co-financing and the IRMF. The Secretariat is already undertaking some interdivisional work to define some terminologies and methodologies related to capturing GCF's catalytic impacts, especially the methodologies to measure privately mobilized finance versus leveraged finance. In addition, the IRMF includes additional indicators (core indicator 5-8) to measure catalytic impacts of the GCF investments. The IRMF recognizes that not all catalytic effects can be measured in financial terms and aims to measure</p>	Medium	<p>Since the publication of the evaluation in September 2021, the Private sector strategy reconfirms that the Secretariat considers the measurement of catalytic impacts. The measurement examines the monitoring of the leverage ratio via the use of guarantees and equity (Annex V to decision B.32/06, para.32).</p> <p>Regarding the implementation of the IRMF, the draft Results handbook was published on the GCF website in May 2022. The Secretariat continues to gather comments and feedback from GCF stakeholders on improving the draft before submitting it for Board approval. The Secretariat's management response highlighted the relevance of core indicators 5-8 in measuring the catalytic impact of the GCF's investments. Annex III of the draft results handbook includes scorecards to be used by AEs to develop quantitative baselines for each of their selected enabling environment indicators (core indicators 5-8).</p>

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		<p>these non-financial catalytic effects through core indicator 5 (policy strengthening), indicator 6 (sharing new practices/innovation and technology transfer); indicator 7 (market development and transformation); and indicator 8 (knowledge). While these indicators are applicable to all projects under the GCF portfolio, the measurement tools (to be developed under the IRMF) should be particularly useful to measure the catalytic effects of private sector projects.</p> <p>However, the Board should be aware of the resource implications of additional metrics. Catalytic impacts by nature are more complex to measure than direct impacts, requiring additional tools, data collection and potentially capacity building for AEs. As noted above, this could lead to larger grant elements in PSF transactions, as private sector AEs normally would not undertake these tasks of their own accord.</p>		<p>Moreover, the Secretariat is undertaking AE capacity building initiatives to improve the IRMF's results measurement and reporting systems (GCF/B.33/inf.06).</p> <p>The Secretariat has clarified that, in response to Decision B.24/14, it formed a Working Group in 2021 to assess options and recommend a methodology for measuring mobilized private finance, leveraged finance and parallel finance. The Working Group has proposed a methodology for measuring and attributing direct private sector co-finance, collecting ex-ante financial information from AEs during proposal development, and a matrix of financial elements related to GCF investments, and associated terminology. The Secretariat clarified that the Working Group is continuing to explore how to measure indirect mobilized finance (i.e. leveraged public and private finance beyond the Funded Activity) before presenting the combined methodologies and associated deliverables to the Board.</p>
1(e)	Target the private sector portfolio towards higher-risk transformative projects	<b>Agree.</b>	Low	The Private sector strategy was adopted in Annex V to decision B.32/06. The strategy states that the GCF currently has limited equity investments in pooled

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	that involve early stage technologies or business models that are not commercially viable, or towards geographies that are high risk due to high interest rates, weak regulatory frameworks, lack of capacity and the like, even if that means funding projects primarily through grants or highly concessional terms that are potentially loss making (operational, long term).	If adopted by the Board, the draft private sector strategy would increase GCF engagement with early stage and venture capital impact investors to create early stage and pre-growth blended finance incubator and accelerator funds specifically in LDCs and SIDS. The Secretariat is already preparing an RFP targeting climate technologies and innovation and will bring funding proposals with innovative technologies in higher risk locations to future Board meetings. Board approval of the UAF would allow the Secretariat to be more proactive in partnering with the private sector to develop a transformative project pipeline.		<p>funds but will "complement that with equity to invest in new innovative financial structures" including early-stage investments (para. 30). In this respect, the strategy acknowledges the need for "greater access to early-stage risk capital...to support climate technology ventures and accelerate climate innovation in developing countries," (para. 13). The strategy recognizes that developing countries, including LDCs and SIDS, have fewer early-stage and venture capital investors. A draft ToR for the RfP to support climate technology incubators and accelerators was circulated to the Board for comments in November 2021.</p> <p>The adoption and operationalization remains limited, however.</p>
<b>RECOMMENDATION 2. The Secretariat should enhance the speed and transparency of GCF operations to align with private sector needs for efficiency and predictability.</b>				
2(a)	Streamline the accreditation process, and thus operationalize the USP priority (Section 4.4, Paragraph 26, Letter B) (operational, short term).	<p><b>Agree.</b></p> <p>Approval of PSAA within the proposed UAF under Board consideration will be critical for the GCF to effectively scale up its efforts in accelerating climate innovation. The PSAA would significantly decrease the time it takes for accreditation, creating a stronger</p>	Medium	<p>The Updated Accreditation Framework (decision B.31/06) introduces the project-specific assessment approach. The implementation plan for the PSAA remains under development.</p> <p>The UAF introduced other measures aimed at streamlining the accreditation process including revising the scope of the review under Stage II. As</p>

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		value proposition for the private sector and a more viable path to working with GCF for DAEs.		recent IEU evaluations show, further work remains to be done to fully streamline the process.
2(b)	Streamline the project approval process, and thus operationalize the USP priority (Section 5.1, Paragraph 29, Letter B) (operational, short term).	<p><b>Agree.</b></p> <p>The Secretariat continues its efforts to codify, streamline and automate GCF business processes to facilitate and accelerate access to the Fund's resources. As reported to the Board at B.29, the average time taken between the submission of funding proposals and Board approval is falling. An analysis by the Secretariat shows that the average time taken from start of FP review to Board approval is now just over 6 months, and the figure is even lower for FPs received from Direct Access Entities (around 5.6 months). The Secretariat is continually identifying points of friction in the project approval process and working to address them. Tools and templates are being added, updated or digitized to improve the efficiency and transparency of the process.</p>	Medium	<p>As explained in the SPR Summary Report, IEU analysis has shown that internal proposal review processes have improved significantly since the IRM phase. The median days taken for project approval in the IRM equaled 254. As of B.34, the median days taken for project approval in GCF-1 equaled 210. The SPR has also found that the Secretariat has systematized internal processes and clarified requirements internally and externally in recent years.</p> <p>The Secretariat stated that it continues to seek ways to make the funding proposal review process simpler and more transparent.</p>
2(c)	Clarify the overall objectives of the PSAA and	<b>Agree.</b>	Substantial	The Updated Accreditation Framework (Document GCF/B.29/06) outlines how the PSAA offers a new and

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	<p>whether it is intended to address private sector needs. Accordingly, adjust the piloting of the PSAA (operational, short term).</p>	<p>As noted in the proposed UAF, PSAA is a complementary approach to institutional accreditation that allows GCF to target specific projects/programmes. In addition to providing a more fit-for-purpose approach compared with institutional accreditation in relation to the intended projects/programmes, it aims to broaden access to GCF for entities for whom the institution-wide approach in accreditation does not as readily respond to the nature and number of projects they intend to develop with GCF support, and the higher transaction costs associated with the process. Although PSAA also may be used for public sector projects, it is a key component of the proposed private sector strategy and will be crucial to delivering high-impact innovative projects.</p>		<p>complementary modality for ad hoc and limited basis innovative proposals under shorter-term partnerships.</p> <p>The Private sector strategy, approved by the Board at B.32 (decision B.32/06/annex V) notes that the PSAA enables the GCF to pursue and focus on project-specific goals, rather than making larger investments in institutional accreditation. Moreover, the Private sector strategy describes how the PSAA also strengthens and supports the pursuit of co-investment and commercial scalability between long- and short-term entities.</p> <p>Such sentiments are reinforced in the Accreditation Strategy of the GCF (decision B.34/19/annex VIII) which outlines how the three-year PSAA pilot will fulfil strategic objectives by working with countries, entities, sectors and technologies thus far underserved by GCF to date.</p>
2(d)	<p>To ensure transparency and accountability, consider using an online tracking system, published average response times for decisions, and incentives to</p>	<p><b>Agree.</b></p> <p>In accordance with the USP, the Secretariat continues its digital transformation agenda and aims to establish a public online tracking platform as soon as possible. KPIs in</p>	Medium	<p>The Secretariat is currently implementing its Digital Agenda 2020-2023. As part of this agenda, the Secretariat has developed the project review and tracking platform (PRTP). The platform was opened to GCF's interdivisional review teams and to a select number of AEs in 2020. It is now used for all funding</p>

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	<p>Secretariat staff for rapid processing, among other things (operational, short term).</p>	<p>the annual Secretariat work programme track performance against service standards for particular processes.</p>		<p>proposals that have reached the interdivisional review stage. The PRTP was further developed in 2021 and now has three core modules: Secretariat, Accredited Entities, and iTAP.</p> <p>The Secretariat also launched the Digital Accreditation Platform in March 2022. In addition, the Secretariat said it contributed to the CreateiQ platform which assists in drafting accreditation master agreements and simple funded activity agreements.</p> <p>The Secretariat stated that, in line with GCF's Digital Agenda, the GCF website project page shows the status and milestones of projects, including disbursement requests. The Secretariat further launched the GCF Open Data Library (ODL) for approved projects, which is linked to the GCF project page. Moreover, the Secretariat highlighted how the status of projects in the pipeline is available to the respective NDAs and AEs through the NDA/AE portal. The portal allows AEs to see the number of rounds and the start and end date of the Secretariat's reviews and entity responses.</p> <p>Regarding staff incentives for rapid processing, the Secretariat's 2021 work programme introduced a new KPI (5.1) to track performance against service standards for accreditation, readiness, PPF, CN review, FP review, SAP CN feedback, and SAP Funding proposal reviews (GCF/B.27/04). Additional processes related to adaptive management were included in the Secretariat's</p>

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				2022 work programme (GCF/B.30/09).
<b>RECOMMENDATION 3. The Secretariat should take measures to ensure that private sector projects are country owned. Access to the GCF should be informed by a country-driven approach, directed and prioritized by the NDC gap analysis.</b>				
3(a)	In operationalizing strategic priority 4.1 of the USP, ensure that the accreditation of private sector entities and programming of private sector projects are also informed by country programmes (strategic, short term).	<p><b>Partially Agree.</b></p> <p>Although decisions on accreditation and approval of funding proposals remain the purview of the Board, the Secretariat is actively working to ensure greater integration of country programmes (CPs) into accreditation applications and funding proposals. For example, in some cases Secretariat programming teams are engaging in discussions with/on accreditation candidates and providing feedback on draft country programmes through the lens of the accreditation pipeline. Similarly, PSF specialists participate in the review of draft CPs/EWPs to provide feedback on the level to which these documents address enabling environment to support private investment in climate activities. When reviewing concept notes (CN) and funding proposals (FP), Secretariat staff also compare each CN/FP against existing country programmes and</p>	Low	<p>Strategic priority 4.1 of the Updated Strategic Plan explains that the country programmes' fundamental rationale is strengthening country ownership in and through FPs. Moreover, the USP states that the Secretariat will "undertake transformational planning and programming, aligned with their NDCs, ACs, NAPs and other national climate strategies and incorporating broad based and inclusive stakeholder engagement" (para. 16a).</p> <p>Although not approved by the Board, the zero draft of the Update of the Green Climate Fund Strategic Plan (GCF/B.34/Inf.17/Add.01) foregrounds country ownership. It regards developing countries as the GCF's primary partners and recognizes that GCF programming depends fundamentally on fully implementing and strengthening country ownership. However, the Accreditation strategy of the Green Climate Fund adopted at B.34 (GCF/B.34/27) does not make any reference to country programmes. In addition, while the Country Programming Guidance (published January 2021) requires the document to be aligned with the goals of the UN Framework Convention on Climate Change and the Paris Agreement, it makes limited references for synergies</p>

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		entity work programmes (EWPs), or against other national climate priorities in cases where CPs and EWPs do not exist. In addition, However, there may be cases where CPs/EWPs have not been submitted to GCF or the existing CP/EWP lacks a detailed discussion of private sector engagement/pipeline. Furthermore, some private sector entities cannot publish their pipeline to the public in advance of GCF Board approval.		with accreditation.
3(b)	At the request of countries, provide the means to include the private sector in multi-sectoral planning on financing the implementation of NDCs, NAPs and other national climate plans <sup>26</sup> (strategic, long term).	<p><b>Agree.</b></p> <p>Through the RPSP, the GCF supports NDAs to catalyse private investment to implement national climate priorities and promotes the participation of local private sector actors in this process.</p> <p>Strengthening the capacity of countries to undertake investment planning would help create a pipeline of bankable projects with strong country ownership that can attract private investments.</p>	Medium	<p>The Readiness and Preparatory Support Programme is a central pillar of the GCF in achieving the Fund’s mission. Since the publication of the Readiness and Preparatory Support Programme Strategy for 2019–2021, the Secretariat outlined its approach to RPSP in the RPSP Guidebook in 2020.</p> <p>In document GCF/B.33/07, the Secretariat outlined the Readiness and Preparatory Support Programme – work programme and budget 2022–2023. The RPSP will continue to support NDAs for, <i>inter alia</i>, proposal development and support, including for adaptation planning. Document GCF/B.33/07 highlights how the Secretariat will deliver capacity-building events to support NDAs and delivery partners and strengthen</p>

<sup>26</sup> Previously recommended by PSAG (GCF/B.20/12).

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		GCF's draft private sector strategy emphasizes that at the request of countries, GCF will continue to use its RPSP to enhance country ownership by promoting greater engagement between governments and the private sector, supporting countries translate NDCs into investment plans and supporting NDA to develop GCF country programmes. These actions would help to ensure engagement of NDAs throughout the project cycle for private sector. GCF is also committed to increasing the share of private sector DAEs, which would also strengthen engagement with NDAs.		<p>national adaptation planning through a more integrated, programmatic, evidence-driven design of adaptation investments. In particular, the Secretariat's plan to catalyze private sector engagement in adaptation, through RPSP, is outlined in this document.</p> <p>The Board also adopted the Private sector strategy at B.32 (decision B.32/06/annex V). However, the Private sector strategy does not mention partnerships with different types of local actors and appears to rely heavily on the PSAA for future accreditation (para. 25).</p>
3(c)	Promote strong alignment between national climate strategies and GCF private sector projects, and request that national designated authorities (NDAs) define the types of private sector projects that will be supported by the GCF in their countries, including in country programmes (strategic, long term).	<p><b>Agree.</b></p> <p>In order to increase country ownership of the private sector portfolio, the Secretariat will stand ready to help countries translate NDCs into investment plans that, based on country needs and requests, could (i) align, combine and sequence multiple sources of international and domestic finance from the public and private sectors; (ii) enable countries to take a more integrated value-chain investment</p>	Substantial	Based on the Country Programming Guidance published 25 January 2021 and the adoption of the Guidelines for Enhanced Country Ownership and Country Drivenness in annex XX to decision B.17/21, the Secretariat outlines the guiding principles for country ownership, the role of country programmes and structured dialogues, and the role of country ownership in the GCF's operational modalities, and evaluation. However, as paragraph 4 of the Guidelines state, the document "does not attempt to provide a further definition of the concept of country ownership." Moreover, it does not address the tensions

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		<p>approach, notably by acquiring the technical capacity to address policy and regulatory gaps to improve the bankability of the NDC project pipeline; and (iii) identify financial mechanisms and investment patterns that will not increase sovereign debt, but catalyse private funds and increase access to long-term affordable finance.</p>		<p>and impracticalities resulting from country ownership being a principle and an outcome (as described in the investment criteria). The Secretariat submitted a review of the Guidelines to the Board in GCF/B.30/Inf.11/Add.03. However, the item was not opened.</p> <p>The Secretariat clarified that the updated PCN on Country Ownership (CO) is currently under review by DCP, following updates to the section on no-objection procedures based on NDA comments.</p>
3(d)	<p>Following a critical review of the current experience with RFPs, consider using an RFP for NDA-defined critical projects for the private sector (operational, short term).</p>	<p><b>Partially Agree.</b></p> <p>While it is important for national priorities to inform private sector projects, past experience suggests an RFP may not be the best modality to accomplish this particular objective. Existing AEs already could partner with NDAs on such projects, limiting the utility of an RFP. Furthermore, concept notes submitted by NDAs are often faced with a lack of AEs willing to sponsor the projects. Operationalising PSAA would help, but projects still may need additional technical assistance to structure them in a way that would make them bankable for the private sector.</p>	Medium	<p>The PSAA framework introduced by the Updated Accreditation Framework did not refer to private sector projects explicitly.</p> <p>However, in decision B.31/06, the Board requested the Secretariat and independent Technical Advisory Panel (iTAP) to prioritize PSAA proposals and accompanying funding proposals during the first year of the PSAA. Priority should be given to two categories. First, subnational, national and regional entities based in developing countries, particularly those from developing countries yet to have an approved GCF-funded activity at the time of the launch of the PSAA. Second, entities responding to requests for proposal issued by GCF. The eligible requests for proposal include the RfP on Micro-, Small- and Medium-sized enterprises (MSMEs).</p> <p>The Private sector strategy underlined the role of the</p>

#	Recommendation	Management response	Rating	IEU comment
				PSAA modality in providing a more viable path for the private sector to work with GCF on strategic priorities such as climate innovation and catalysing adaptation finance at scale in developing countries.
3(e)	Go beyond the use of no-objection letters to ensure country ownership, especially for private sector projects. Ensure the engagement of NDAs, not just during project approval but throughout the life cycle. In the case of multi-country projects, once countries are selected the same process should apply (operational, short term).	<p><b>Partially Agree.</b></p> <p>In assessing funding proposals, the Secretariat looks at country ownership beyond NOLs (e.g. alignment with NDCs and national policies, engagement with stakeholders including vulnerable populations). Despite this broader view of country ownership, NOLs still provide value in ensuring NDAs have input into the process. Some AEs have told the Secretariat they have difficulty obtaining NOLs within a reasonable timeframe, and other AEs have said NOLs slow down the process of developing a multi-country programme. However, NOLs remain a vital signal of country ownership, and recently approved projects have shown it is possible for AEs and NDAs to partner for large impactful projects. For example, the Subnational Climate Fund (Global) involves 42 countries with NOLs and two AEs (IUCN sponsoring the technical assistance through FP151</p>	Medium	<p>The Secretariat’s review of the Guidelines for Enhanced Country Ownership and Country Drivenness was submitted to the Board at B.30 (GCF/B.30/Inf.11/Add.03). This report identified the lack of transparency of NOPs as a challenge for GCF country ownership processes (para. 21). However, it is currently unclear if the measures outlined in the Guidelines or draft Policy Concept Note have been implemented.</p> <p>The Secretariat said it has updated the Enhanced Guidelines on Country Ownership and Country Drivenness as part of an updated Policy Concept Note which includes an updated No Objection Procedure. The Secretariat reiterated that No Objection Letter templates have also been updated. The Secretariat stated that Board approval of the updated policy will help NDAs follow a transparent process of issuing NOLs and also support AEs in understanding the process better to comply with GCF requirements. According to the Secretariat, the updated NOP guidelines and revised NOL templates are expected to be published in Q1, 2023, with additional capacity building and guidance for NDAs on CO and stakeholders planned for 2023. The Secretariat</p>

#	Recommendation	Management response	Rating	IEU comment
		and PCA sponsoring the equity investments through FP152), showing that NOLs are not a barrier when incentives are aligned.		clarified that the updated PCN on CO guides NDAs on their role beyond NOLs and oversight of approved proposals.  The IEU notes that the mechanisms to ensure NDAs are engaged throughout the project life cycle could be communicated better by the Secretariat and requests greater clarity on this topic.
<b>RECOMMENDATION 4. The Secretariat should create institutional and organizational structures that operationalize direct and indirect finance for private sector activities.</b>				
4(a)	Clearly articulate whether it is the DMA, PSF or another part of the GCF that has the institutional responsibility and strategic priority to provide technical support and funding for the enabling environment for private sector adaptation and mitigation (strategic, short term).	<b>Agree.</b> To create the bandwidth PSF needs to increase and improve GCF's engagement with private sector entities, the Secretariat will clarify the division of responsibility between PSF and DMA to reduce existing duplication. DMA will focus on proposal development with multilateral, regional and national development banks, as well as with support to MSMEs. This will allow PSF to primarily focus on engagement with private entities at the global, regional, and national levels, including institutional investors, commercial banks, equity and debt funds, impact	Low	The first prong of the GCF's Private sector strategy, adopted in annex V to decision B.32/06, is to enhance the readiness and enabling environment to drive private investment in climate mitigation and adaptation. The approach outlined in the strategy relies heavily on readiness to support NDAs, national and subnational entities to develop long-term climate investment road maps, green investment plans and policies targeting private investment for climate action.  Since publishing the Private sector evaluation in September 2021, the Secretariat has not amended the GCF Internal Operations Manual to clarify the responsibilities in providing technical support and funding for the enabling environment for private sector adaptation and mitigation.

#	Recommendation	Management response	Rating	IEU comment
		investors, and insurance companies. This focus on the private sector will allow PSF to specialize in financial structuring, deal making, pricing, mobilisation of capital at scale and strengthening of local financial systems. PSF's expertise in financial structuring will be available to support engagement with MDBs as required.		
4(b)	<p>Revise the GCF Readiness Strategy to ensure the following (strategic, long term):</p> <ul style="list-style-type: none"> <li>Structural linkages are built between the GCF's private sector priorities and the RPSP.</li> <li>The RPSP includes appropriate objectives and outcomes for supporting the enabling environment for private sector adaptation and</li> </ul>	<p><b>Agree.</b></p> <p>The RPSP can be used more strategically to promote private sector initiatives. The GCF will use its RPSP to enhance country ownership by promoting greater engagement between governments and the private sector (domestic and international), including through mappings of private sector actors (local and international) that can support developing countries to meet their climate goals, and to develop and execute their private sector engagement plans. The mapping exercise will enable a better targeting of private sector-oriented readiness delivery partners (DPs) to develop and implement upstream private sector interventions, including</p>	Medium	<p>The RPSP Guidebook, published in March 2020, specifies the objectives of strengthening public, private and civil society collaborations. While private sector priorities are mainly presented in relation to adaptation finance and occasionally to scalability, public sector actors are broadly categorized as offering country programming support through NDCs, NDAs, NAMAs, and NAPs.</p> <p>The Private sector outreach plan, adopted in Annex VI to decision B.32/06, indicates that the Secretariat will map the partners most relevant to supporting the achievement of countries' nationally determined contributions and national adaptation plan goals, as well as formulating and executing private sector engagement plans.</p> <p>Within the zero draft of the Secretariat's revised RPSP Guidebook, the national-level mapping of private sector</p>

#	Recommendation	Management response	Rating	IEU comment
	<p>mitigation.</p> <ul style="list-style-type: none"> <li>• Funding is carved out for supporting the enabling environment for private sector adaptation and mitigation, in line with country climate priorities, as outlined in their NDCs. The following are examples of projects that support the enabling environment:               <ul style="list-style-type: none"> <li>○ Technical support to governments for the policy and regulatory reforms required to scale up private sector adaptation and mitigation</li> <li>○ Funding for local industry bodies and associations to work with governments to design locally</li> </ul> </li> </ul>	<p>greening the financial systems and climate technology incubation and acceleration.</p>		<p>actors is integral to assessing the alignment of RPSP proposals with the Private Sector Strategy.</p>

#	Recommendation	Management response	Rating	IEU comment
	<p>appropriate policy and regulatory frameworks for adaptation and mitigation</p> <ul style="list-style-type: none"> <li>○ Training of local financial institutions, including microfinance institutions, in financing adaptation and mitigation activities to unlock finance in local currencies</li> </ul> <p>Knowledge creation and peer- to-peer learning among private businesses regarding climate risks and solutions, and improved access to and use of climate data, analysis and projections, which in turn will help to improve private sector decision-making in relation to adaptation.</p>			

#	Recommendation	Management response	Rating	IEU comment
<b>RECOMMENDATION 5. Set out as a strategic priority for the GCF to channel finance to MSMEs, exploring access modalities and appropriate instruments for decentralized adaptation and mitigation actions.</b>				
5(a)	Consider the mechanism and modality through which MSMEs can access GCF finance, recognizing the differentiated needs of targeted MSMEs vis-à-vis AEs (operational, short term).	<p><b>Partially Agree.</b></p> <p>The GCF portfolio has existing projects and programmes from both DMA and PSF that support MSMEs to transition to low-emission, climate resilient pathways. In addition to the three funding proposals approved under the MSME RFP,<sup>27</sup> GCF has 11 approved private sector projects or programmes that target MSMEs.<sup>28</sup> GCF also provides support to MSMEs through some of its public sector projects, and Enhancing Direct Access (EDA) can be an effective modality to engage MSMEs as well. FP061, approved under EDA, provides USD 2 million to MSME private sector beneficiaries via a revolving fund for adaptation.</p> <p>In appropriate cases agreed with countries, GCF will continue to use blended finance to enable a more</p>	Low	<p>Three projects were approved through the MSME RfP, yet only 30 per cent of the funding envelope of USD 200 million was committed as recognized in the Private sector strategy (GCF/B.32/06). The Management action report for the RfP evaluation, submitted to the Board as part of the IEU's activity report for B.34, highlighted how no additional guidance is planned for the MSME RfP window.</p> <p>Moreover, while the Board work plan for 2020-2023 stated the Secretariat would prepare a review of the RFP in time for B.30 (GCF/B.28/Inf13, Table 1, Item 34), this review has not appeared in any recent Board meeting agendas.</p> <p>While the updated Accreditation strategy (GCF/B.34/27) is founded on promoting the participation of local private sector actors in developing countries, including small and medium-sized enterprises and local financial intermediaries, the Updated Accreditation Framework lacks sufficient focus on local private entities.</p> <p>Similarly, the Private sector strategy (GCF/B.32/06)</p>

<sup>27</sup> FP028 (XacBank), FP048 (IDB), FP114 (AfDB)

<sup>28</sup> FP005 (Acumen), FP025 (EBRD), FP078 (Acumen), FP081 (Nabard), FP095 (AFD), FP097 (CABEI), FP098 (DBSA), FP148 (Acumen), FP149 (CAF), FP153 (XacBank), FP168 (AfDB)

#	Recommendation	Management response	Rating	IEU comment
		<p>significant MSME role in meeting national climate action priorities. Notably, GCF will continue to promote lines-of-credit and new insurance vehicles through domestic financial institutions for MSMEs engaged in climate action. However, direct investments with MSMEs would create high transaction costs for GCF due to the reporting requirements, legal agreements and operational requirements. Therefore, GCF is better served by engaging MSMEs on an aggregated basis through AEs and financial intermediaries. In fact, the three funding proposals approved under the GCF MSME pilot RFP programme have employed financial intermediation.</p> <p>Additional policy changes, if approved by the GCF Board, would aim for further engagement of local currency financing to MSMEs (which typically only work with local currency), as much of GCF's concessionality is offset by the need to enter into local currency swap agreements or other means of hedging. Similarly, a policy on</p>		<p>contains a limited number of elements for enhancing coordination with MSMEs that understand the local context.</p> <p>The Secretariat clarified that PSF is tracking the funds allocated to MSMEs either through credit lines or TA support, and that this is not tracked in the IRMF.</p> <p>The Secretariat further clarified that MSMEs are also supported through the EDA RfP launched in January 2021 (with supporting documentation). According to the Secretariat, a further revision of the EDA RfP in GCF-2 is intended to strategically focus on improving access to GCF finance through the direct access modality while ensuring its focus on devolving decision-making to local actors.</p> <p>The Secretariat further clarified that the Accreditation Strategy also includes actions to prioritize expanding the AE network to align with programming gaps, including the role of the private sector in GCF programming.</p>

#	Recommendation	Management response	Rating	IEU comment
		<p>programmatic approaches could be important for developing programmes to target MSMEs, as it is similar to the EDA approach with the investment decision is in the AE/EE hands in accordance with GCF-approved eligibility criteria.</p>		
5(b)	<p>Provide readiness support to accredited local and national intermediaries to build their capacity to channel finance to MSMEs through appropriate instruments for implementing decentralized adaptation and mitigation actions (operational, long term).</p>	<p><b>Agree.</b></p> <p>Support to DAEs is a significant focus of the RPSP as per the strategy endorsed in B.22/11. Several recent RPSP grants also are looking at entities not accredited with GCF in countries, such as Chambers of Commerce, business roundtables and financial institution groups. A RPSP grant approved in 2020 with delivery partner Asociación Latinoamericana de Instituciones Financieras para el Desarrollo (ALIDE) focuses on generating evidence on the opportunities and challenges to implement innovative solutions for climate finance in the banking sector in six Latin American countries. Another RPSP grant with delivery partner Tonga Development was initiated by the Tonga Chamber of Commerce and</p>	Low	<p>The Updated Strategic Plan (USP) for the GCF 2020 - 2023 (decision B.27/06, annex VI) outlined that the Readiness Programme will continue supporting capacity-building for NDAs and DAEs. The USP also highlights strengthening capacity among NDAs, AEs and local private sector partners. This strengthening will support private investments in climate activities, including supporting climate-oriented local financial systems, institutions, markets, and green banks (decision B.27/06, annex I, para.21(a)).</p> <p>Although not approved by the Board, the zero draft of the GCF's Updated Strategic Plan (GCF/B.34/Inf.17/Add.01) outlines that an improved definition of country ownership is a strategic priority for 2024-2027 alongside a strong focus on local private sector actors.</p>

#	Recommendation	Management response	Rating	IEU comment
		<p>Industry, in close cooperation with the NDA, and aims to support the enabling of private sector participation in the pursuit of Tonga's long-term JNAP and climate finance goals. At the request of countries, the GCF also will increase its support through RPSP and PPF to design and pilot new financial products, such as weather-indexed insurances and non-conventional debt management instruments. The Readiness Programme can also support national private sector dialogues to share experiences and knowledge around climate innovation.</p>		
5(c)	<p>Stratify the simplified approval process specifically for private sector needs, with a focus on local actors to increase the efficiency and predictability of access to financial resources (operational, short term).</p>	<p><b>Agree.</b></p> <p>The Secretariat is currently developing guidelines on how the SAP can be strategically used in the private sector.</p>	Low	<p>Document B.32/05 paragraph 8 (c) which outlines the Update of the simplified approval process states that the Secretariat will develop SAP programming guidance to, <i>inter alia</i>, identify opportunities to unlock private sector finance and promote SAP for addressing urgent climate change needs in developing countries, particularly in SIDS, LDCs and African States. The Update of the simplified approval process also states that through the Readiness and Preparatory Support Programme, the Secretariat will use capacity-building initiatives that particularly target DAEs, national designated authorities (NDAs) and private sector</p>

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				accredited entities (AEs) to facilitate their access to SAP. Document B.32/05 paragraph 8 (c) which outlines the Update of the simplified approval process, was approved in decision B.32/05. The mandate given to the Secretariat in the Update of the SAP (decision B.32/05) and the recommendations from the IEU Rapid Assessment of the SAP are under consideration, and it remains to be seen how this recommendation will be operationalized further.
<b>RECOMMENDATION 6. The GCF Board and Secretariat should expand the focus on financial instruments and GCF support specifically to enable private sector investment in adaptation, particularly in SIDS and LDCs</b>				
6(a)	Enhance GCF's institutional and organizational capacity on adaptation, and review investment criteria, monitoring templates and indicators for adaptation and cross-cutting projects. Align adaptation investment criteria and indicators with Intergovernmental Panel on Climate Change definitions of adaptation, vulnerability, climate risks and	<b>Agree.</b> The Secretariat continues to enhance its organizational capacity. For example, GCF's investment criteria scorecard already provides indicators that help assess the viability of adaptation and cross-cutting projects, including for private or public sector projects. Modalities that allow the Secretariat to engage the private sector more directly are essential to develop a project pipeline that is in line with the USP, including an increased focus on adaptation. Further, PSF and DMA will work more closely to	Medium	The second version of the Investment Criteria Scorecard (ICS) was completed in 2020 and was published on the GCF website in June 2022. As highlighted in the Management action report for the ESS evaluation (submitted to the Board as part of the IEU's activity report for B.34), the scorecard has been implemented by the Division of Mitigation and Adaptation (DMA) and the Division of Private Sector Facility (DPSF). The tool has been used for due diligence processes. In addition, while developing the GCF Appraisal Guidance, the Secretariat proposed providing the AEs with the ICS and other tools to ensure consistent interpretation of GCF investment criteria between the AEs and the Secretariat. For example, the ICS provides indicators for assessing the mitigation, adaptation, or cross-cutting impact

#	Recommendation	Management response	Rating	IEU comment
	exposures <sup>29</sup> (operational, short term).	<p>develop a pipeline of adaptation proposals, as they often require both public and private elements, and develop methodological tools to share with partners to assist in developing proposals that meet GCF requirements.</p> <p>However, greater alignment is needed among the Secretariat, the TAP and the Board on requirements for adaptation projects. The Secretariat has worked with the TAP on defining these requirements to extent possible within its mandate. The Secretariat has prepared for Board consideration a paper on climate rationale (document GCF/B.30/04) that aims to align operational understanding of adaptation measures across all parts of the Fund.</p>		<p>potential of project contributions to strengthen climate-resilient sustainability for most vulnerable people. The scorecard also considers the scale and intensity of exposure, vulnerability, and adaptation readiness.</p> <p>In terms of modalities for increasing the focus on adaptation, the September 2022 virtual Board consultation on the review of the USP found that some participants highlighted the growing gap in adaptation finance and favoured shifting the 50:50 balance towards more emphasis on financing for adaptation. Document GCF/B.33/05 highlights how the Secretariat addresses the availability and reliability of climate data and analytical tools, including through projects involving climate information and early warning components. The document also offers a qualitative confidence assessment tool to assess confidence in the evidence presented for an adaptation proposal.</p>
6(b)	Consider financial innovations tailored to needs and context. <sup>30</sup>	<p><b>Agree.</b></p> <p>GCF is already implementing financial</p>	Medium	The private sector strategy identifies five ways to advance the USP's private sector objectives and portfolio targets. Among them is exploring new

<sup>29</sup> As previously recommended by PSAG (GCF/B.20/12), the GCF may allow for SIDS and LDCs to involve the private sector in the development and implementation of national adaptation plans and enhance peer-to-peer learning on private sector adaptation projects.

<sup>30</sup> As previously recommended by PSAG (GCF/B.20/12), some activities may include weather-indexed crop insurance and catastrophe risk insurance, resilience bonds, dedicated green/blue bonds and innovative financing for ecosystem-based management.

#	Recommendation	Management response	Rating	IEU comment
	<p>Increase the GCF's risk appetite to experiment with financial instruments and business models that can help improve the economics of private sector adaptation or cross-cutting projects (operational, short term).</p>	<p>innovations through new forms of blended finance using instruments such as equity and guarantees. For example, GCF is an anchor investor in the Subnational Climate Fund (Global) which is mobilising private investment at scale through an impact equity fund that de-risks subnational infrastructure projects. An integral component of the draft private sector strategy is to pilot further innovative financial instruments that are tailored for country and project needs. This includes venture capital (equity and debt), tailored guarantees, performance-based loans, local currency financing and insurance. In some cases, grants and reimbursable grants will be the most effective way to mobilize the private sector, especially in adaptation projects with limited revenue streams, by meeting their economic requirements while maximizing climate impacts.</p> <p>Furthermore, proposals under consideration at B.30, such as FP179 ("Tanzania Agriculture Climate Adaptation Technology Deployment Programme"), FP180 ("Global Fund for Coral Reefs Investment Window") and</p>		<p>modalities to scale up the use of guarantees and equity, enhancing support to close the insurance protection gap and reducing foreign exchange risks for DAEs. Additional details on the particular modalities and products considered and the rationale for their inclusion are provided with reference to existing financial needs in developing countries (Annex V to decision B.32/06, para. 29-39). The strategy also notes that these instruments are higher risk products and thus highlights the importance of the GCF's risk management. Another suggested way forward is developing innovative financial instruments that catalyse developing countries' access to private climate finance without increasing their debt burden (para.40).</p> <p>The Secretariat highlighted how debt-for-climate swaps could be innovative financial instruments for catalysing developing countries' access to private climate finance without increasing their debt burden. According to the Secretariat, initial steps to outline structural parameters and operationalize implementation pathways would include a series of bilateral meetings and events to build awareness and engagement among interested stakeholders. After that, context-responsive specific project designs can be defined and negotiated with the counterparties during one or two pilot-stage projects. Following their approval, relevant lessons and results will inform further efforts to internally and externally institutionalize verified implementation options as</p>

#	Recommendation	Management response	Rating	IEU comment
		FP181 (“CRAFT – Catalytic Capital for First Private Investment Fund for Adaptation Technologies in Developing Countries”) illustrate the possibilities for private sector adaptation proposals using existing instruments.		ready solutions for similar future proposals.
6(c)	Design Secretariat-level KPIs that support private sector projects in SIDS and LDCs (operational, short term).	<p><b>Partially Agree.</b></p> <p>Increasing private sector investment in adaptation and SIDS and LDCs is a priority for the GCF. The Secretariat follows the Board guidance on support for SIDS and LDCs contained in the USP, including the funding allocation parameters in decision B.27/06(i) and consideration of recommendations made by the Private Sector Advisory Group (PSAG) to help build markets for climate action in LDCs and SIDS, focusing on market activation, enabling environments and facilitation of the aggregation of demand for mitigation and adaptation services (USP, par. 23(d)). The USP allocation parameters were decided by the Board after careful consideration of the trade-offs among GCF priorities, and the Secretariat is cautious not to disrupt this balance by creation of additional KPIs that could be</p>	Low	<p>The Secretariat’s 2022 and 2023 work programmes included KPIs related to the submission of private sector proposals and private sector engagement (KPIs 2.1.3 and 2.3 in GCF/B.30/09 and KPIs 2.3.1 and 2.3 in GCF/B.34/14/Rev.01). However, the KPIs did not specifically target SIDS and LDCs.</p> <p>Although not approved by the Board, the zero draft of the Updated Strategic Plan outlines in paragraph 34 (f) how the new USP will update actionable, results-oriented midterm goals through prioritized actions captured in the strategic priorities, workplans and KPIs. The intention is that this will guide the deployment of GCF resources and serve as the basis for the Board’s determination of prioritized portfolio targets and allocation parameters.</p> <p>The Secretariat clarified that 2023 Board-approved KPIs do not specifically have sub-indicators for SIDS and LDCs. However, as highlighted in the Private Sector Strategy, private sector projects in SIDS and LDCs are a priority, and special consideration is taken during programming efforts.</p>

#	Recommendation	Management response	Rating	IEU comment
		<p>seen as allocation targets.</p> <p>However, the Secretariat remains committed to private sector investment in SIDS and LDCs, and is taking action within its authority to promote investment in those countries. For example, the GCF's sector guidance that is currently under development will provide pointers on the types of initiatives</p> <p>that could catalyse private sector engagement in adaptation and in LDCs and SIDS. When determined by countries to be best suited to meet country needs, a multi-country approach could be supported to address challenges to scaling up private investment in LDCs, SIDS and for adaptation related to small markets and investment deal size, high transaction costs and the need for diversification to manage risks.</p>		

### Abbreviations

AE	Accredited entities	IUCN	International Union for Conservation of Nature
AE	Accredited Entity	JNAP	Joint National Action Plan
AfDB	African Development Bank	KPI	Key Performance Indicator
AI	Administrative Instruction	MSME	Micro-, Small- and Medium-sized enterprises

ALIDE	Asociación Latinoamericana de Instituciones Financieras para el Desarrollo (Latin American Association of Development Financing Institutions)	NDA	National Designated Authority
CCCCC	Caribbean Community Climate Change Center	NDC	Nationally Determined Contribution
CDB	Caribbean Development Bank	NOL	No-Objection Letter
CIF	Climate Investment Funds	ODL	Open Data Library
CN	Concept notes	PA	Programmatic Approach
CO	Country Ownership	PCA	Pegasus Capital Advisors
CP	Country programmes	PCN	Project Concept Note
DAE	Direct Access Entity	PDTA	Project Development Technical Assistance
DCP	Division of Country Programming	PMF	Performance Measurement Frameworks
DMA	Division of Mitigation and Adaptation	PPF	Project Preparation Facility
DPSF	Division of Private Sector Facility	P RTP	Project review and tracking platform
EDA	Enhancing Direct Access	PSAA	Project-specific accreditation approach
EDA	Enhancing Direct Access	PSAA	Project-specific assessment approach
EFA	Economic and Financial Analysis	PSAG	Private Sector Advisory Group
ESS	Environmental and Social Safeguards	PSF	Private Sector Facility
EWP	Entity work programmes	RfP	Request for Proposal
FAA	Funded Activity Agreement	RPSP	Readiness and Preparatory Support Programme
FP	Funding proposals	RPSP	Readiness and Preparatory Support Programme
GEF	Global Environment Facility	SAP	Simplified approval process
GPIC	Global Private Investment Conference	SIDBI	Small Industries Development Bank of India
IAE	International Accredited Entity	SIDS	Small Island Developing States
IAT	Innovation and Additionality Tool	SPR	Second Performance Review
ICS	Investment Criteria Scorecard	TA	Technical Assistance
IEU	Independent Evaluation Unit	TAP	Independent Technical Advisory Panel
IPCC	Intergovernmental Panel on Climate Change	ToR	Terms of Reference
IRM	Integrated Results Management	UAF	Updated Accreditation Framework
IRMF	Integrated Results Management Framework	USP	Updated Strategic Plan
iTAP	Independent Technical Advisory Panel		

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## **Annex 9: Management Action Report on the Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund's Investments in the SIDS**

1. Decision B.BM-2021/07 established the Green Climate Fund's Evaluation Policy (see document GCF/BM-2021-09). This Policy describes how all evaluations (or reviews or assessments) submitted by the IEU to the Board will have an official management response prepared by the GCF Secretariat (prepared in consultation with relevant GCF stakeholders) to inform Board decision-making (see paragraph 58 (g)/appendix III).
2. Management action reports are prepared by the Independent Evaluation Unit and received by the Board to provide an overview of the Board's consideration of the recommendations, respective management responses, and the status of implementation (see GCF/BM-2021/09, paragraph 28, paragraph 64 (b) / appendix I / appendix III).
3. In preparing this MAR, the IEU considered the Secretariat's management response to the Independent Evaluation of the Relevance and Effectiveness of the Green Climate Fund's Investments in the SIDS.
4. Of the 15 recommendations of the evaluation, the Secretariat agrees with 12 recommendations and partially agrees with two recommendations. The Secretariat did not disagree with any of the recommendations. One of the recommendations was for consideration by the GCF Board.
5. For each recommendation made by the IEU evaluation, this MAR provides a rating and commentary prepared by the IEU. The draft rating scale and commentary were shared and discussed with the Secretariat prior to the writing of this report. The comments provided by the Secretariat were then taken into account in the preparation of the MAR. The rating scale for the progress made on the adoption of recommendations is as follows:
  - (a) High: Recommendation is fully incorporated into policy, strategy or operations.
  - (b) Substantial: Recommendation is largely adopted but not fully incorporated into policy, strategy or operations yet.
  - (c) Medium: Recommendation is adopted in some operational and policy work, but not significantly in key areas.
  - (d) Low: No evidence or plan for adoption, or plan and actions for adoption are at a very preliminary stage.
  - (e) Not rated: Ratings or verification will have to wait until more data is available or proposals have been further developed.
6. In terms of the progress made with the adoption of the 15 recommendations set out in the evaluation, the rating of "high" is given to one recommendation, the rating "substantial" is given to two recommendations, the rating "medium" is given to seven recommendations, and the rating of "low" is given for five recommendations.

Note: Where acronyms or abbreviations in the text are not explained, please refer to the Abbreviations list thereunder.

#	Recommendation	Management response	Rating	IEU comment
<p><b>RECOMMENDATION 1: Make improvements to RPSP support to improve direct access and address the capacity difficulties that SIDS are facing. GCF-funded capacity-building in SIDS should take more of an accompaniment approach, providing human resources to work side-by-side with government and DAE staff to build capacity over longer periods (months to years).</b></p>				
1(a)	<p>The GCF Secretariat should bridge the gap between pre-accreditation and post-accreditation RPSP support by incorporating resources specifically for concept note development into pre-accreditation RPSP grants, with the release contingent on Board accreditation. This could be a small amount, approximately USD 20,000–30,000, based on the cost to develop a concept note as reported by DAE interviewees.</p>	<p><b>Agree.</b></p> <p>Such support is important and is already provided within the RPSP. This support facilitates Direct Access entities in meeting the standards of GCF as soon as possible. It also aids their ability to programme projects with GCF.</p> <p>One proposal by the Secretariat is captured in the programmatic approach policy draft which was published for B.25 but was not opened by the Board. Support for capacity building of DAEs post-accreditation is available to DAEs upon the request of NDAs under the RPSP. Such support covers the entire project cycle, from pipeline development and project preparation to also supporting capacity development for implementation, monitoring and evaluation. While such support has been principally provided in the form of grants, the Secretariat is expanding such support in the form of</p>	Medium	<p>The 2022-2023 RPSP work programme states that the Secretariat will offer tailored technical assistance through a roster of external firms to provide support for project ideas and/or concept note development. The roster will offer services to expand on and ensure training programmes and resources “for both NDAs and DAEs, particularly over the course of 2023” (para. 14). Additionally, Objective 4 on paradigm-shifting pipeline development highlights support for developing CNs and FPs under SAP and PSAA (Section 1, para. 15.c).</p> <p>Moreover, Section 1, para. 15, also details the provision of technical assistance through individual experts for NDAs and DAEs in the most vulnerable developing countries, including SIDS.</p> <p>The zero draft of the Readiness and Preparatory Support Programme Guidebook (November 2022) describes how Project Development Technical Assistance support is also available to the NDA or DAE to refine CNs through a roster of project development experts (p. 22). NDAs can discuss the availability of PDTA with GCF Regional Desks.</p> <p>The Secretariat further highlighted how the Accreditation Strategy (decision B.34/19) includes</p>

#	Recommendation	Management response	Rating	IEU comment
		technical assistance provided through rosters of individual consultants and firms.		elements for strengthening the capacity of entities to meet GCF's accreditation standards. It also includes elements for strengthening programming capacities, with some to be undertaken through the RPSP. The Board's RPSP decision also included the establishment of a DAE.
1(b)	The GCF Secretariat should make entity- and project development-related support more accessible to regional DAEs and consider a separate window of funds that does not count against the per-country allocation of USD 1 million.	<p><b>Agree.</b></p> <p>The Secretariat agrees that project development support should be made more accessible to DAEs, especially regional DAEs. The Secretariat will present a proposal to the Board on modalities for supporting Direct Access Entities, separate from the per country allocation of USD 1 Million.</p> <p>In this regard, the Secretariat already took action to further simplify the application process to PPF and expanded the scope of its PPF and technical assistance by setting up a roster of international firms that can support DAEs' project preparation more efficiently and effectively. It also reduces the administrative burden associated with the management of PPF grants. Starting 2021 the PPF roster of firms will be promoted among national</p>	Medium	<p>The Accreditation Strategy (document GCF/B.34/27) outlines the creation of a dedicated window for accredited DAEs to directly request capacity support (para. 7 (c) (ii)). The Secretariat confirmed it will submit the updated RPSP strategy at B.35, where it will provide more detail on the duration and scope of this dedicated DAE window.</p> <p>Recent information documents on the status of PPF requests describe the promotion of revised PPF modalities and service rosters during virtual regional dialogues in the Caribbean, the Pacific and Africa (GCF/B.29/Inf.05, GCF/B.30/Inf.02, GCF/B.31/Inf.10).</p> <p>The Secretariat further noted that with the operationalization of the new AI on Secretariat Committees, AEs may now submit a project idea document to accompany the PPF application. The Secretariat clarified that there is no prescribed format for each project idea. However, it must be strongly aligned with the GCF's Investment Criteria and needs justification before receiving funding B.11/11.</p>

#	Recommendation	Management response	Rating	IEU comment
		and regional DAEs especially in the SIDS to increase SIDS access to project development support.		
1(c)	The GCF Secretariat should promote the availability of multi-year support for embedding advisers in NDAs and/or make that support more easily accessible (e.g. through a roster approach).	<b>Agree.</b> Embedding advisers with NDAs could support GCF tasks and towards that end the GCF will work in the course of the next two years to make such a roster available.	Low	<p>The RPSP 2022-2023 workplan states that a roster of consulting firms is available to provide specialized technical support to NDAs. Further, the most recent RPSP Guidebook draft (November 2022) states that GCF Regional Desk focal points are available to advise NDAs. However, both documents remain silent on embedded advisers within NDAs.</p> <p>The Secretariat highlighted that the Revised Readiness Strategy proposes a multi-pronged approach. This includes direct support through (i) a roster of firms (not delivery partners) (ii) flexibility in readiness up to USD 4 million over four years with no annual cap (iii) climate investment guidance, including specific activities under readiness and (iv) clear guidance on RNAs.</p>
1(d)	The GCF Secretariat should adjust its offer of technical assistance through the RPSP to reflect the need for more hands-on support for writing concept notes in SIDS.	<b>Agree.</b> The Secretariat agrees that technical assistance is of key importance to support DAEs, especially DAEs from SIDS, in project/programme preparation. Starting end of 2020, the Secretariat has strengthened its capacity to provide TA to developing	Medium	Document GCF/B.33/07 outlines the RPSP work programme and budget 2022–2023. The document includes using readiness resources for pipeline development based on a country’s long-term priorities and within GCF programming targets (objective 4). In concert with the updated simplified approval process (SAP) approved by the Board at B.32, the RPSP work programme and budget supports the development of concept notes for priority sectors, including under the

#	Recommendation	Management response	Rating	IEU comment
		countries, including SIDS, by setting up a roster of 3 international firms that can support the development of projects/programmes with RPSP and PPF resources.		SAP and PSAA. Document GCF/B.33/07 acknowledges that the expected growth of concept note submissions has not materialized. The document says the Secretariat will establish an interdivisional group to manage concept notes produced through readiness.
1(e)	The GCF Secretariat should expand the roster and contribute to building the capacity of RPSP delivery partners in SIDS. This would facilitate shifting the business model for regional DAEs from readiness to investment and help relieve the bottleneck caused by regional DAEs being the partner of choice for both the RPSP and preparing funding proposals. Sharing lessons learned with NDAs and RPSP delivery partners could also help improve the effectiveness of capacity-building support offered to SIDS. For example, delivery partners could write terms of reference for consultants that focus less on one-off	<b>Agree.</b> See response to 1 (a), 1(b) and 1 (d) above	Low	<p>The 2022-2023 RPSP work programme (document GCF/B.33/07) outlines how the RPSP aims to strengthen institutional capacity via a roster of external firms. By delivering technical assistance to NDAs and DAEs in the most vulnerable countries, including SIDS, RPSP aims to enhance the capacity of delivery partners and DAEs. This will include monitoring and evaluation capacity building, especially for DAEs.</p> <p>The zero draft of the Readiness and Preparatory Support Programme Guidebook (November 2022) describes how Project Development Technical Assistance (PDTA) support is also now available to the NDA or DAE to refine CNs through a roster of project development experts.</p> <p>The Secretariat highlighted a proposal to centralize the expert services, PPF firms and PDTAs under a single governance structure. This will allow it to offer NDAs the option of executing readiness support without delivery partners.</p> <p>The IEU notes that according to the Accreditation Strategy (document GCF/B.34/27), the RPSP will now offer a dedicated window for accredited DAEs to</p>

#	Recommendation	Management response	Rating	IEU comment
	training or workshops and more on approaches that reflect the need for more accompaniment and mentoring.			directly request capacity support (para. 7 (c) (ii)). Moreover, the IEU notes that Secretariat responses to 1 (a), 1(b) and 1 (d) mainly focus on technical assistance not delivery partners, contributing to the grading of this recommendation as low.
<b>RECOMMENDATION 2: Accelerate and simplify the project cycle, especially for the SAP.</b>				
2(a)	The IEU's recent review of the SAP recommended that the Board develop a strategy for the SAP while focusing on processes that accelerate and simplify the project cycle, including consideration of delegation of authority to the Secretariat. Simplifying and accelerating the SAP is especially important for SIDS, because the growth in their pipelines is shifting towards this modality. The Board and the Secretariat should operationalize and implement the IEU's recommendations on the SAP.	<p><b>Agree.</b></p> <p>The Secretariat agrees that further simplifying the SAP and changing its approval modality is important for SIDS. It will consider this recommendation from IEU in the drafting of the further development of the SAP policy due to be presented to the Board in 2021.</p> <p>The Secretariat will consider these recommendations in the "Further Development of the SAP" policy.</p>	Medium	<p>The Update of the simplified approval process was adopted in Annex IV to decision B.32/05. The Update includes rolling reviews of SAP funding proposals by the Secretariat and the iTAP. In addition, the Update includes the development of SAP-specific results-based monitoring and reporting systems based on the GCF's IRMF. Furthermore, the Update includes SAP-specific post-approval processes to speed up the completion of FAA conditions, execution and effectiveness, and to develop suitable post-approval templates. All changes are to be delivered within 12 months of Board approval of the policy (by May 2023).</p> <p>The Secretariat noted it has completed procuring firms to support drafting the SAP Programming Guidance and SAP-specific results-based monitoring and reporting systems. The Secretariat further clarified that the first draft of the SAP programming guidance is currently under review by the Secretariat. The development of the results-based monitoring and reporting guidelines,</p>

#	Recommendation	Management response	Rating	IEU comment
				with accompanying fit-for-purpose SAP-APR template, is expected to be completed in Q4, 2022.
2(b)	In piloting the project-specific accreditation approach, the Board of the GCF should focus on making access faster and streamlined, to provide access through entities in SIDS that may otherwise not implement GCF projects.	<p>This recommendation is for consideration by the GCF Board.</p> <p>The updated accreditation framework, including the project-specific accreditation approach (PSAA), continues to be developed by the Accreditation Committee of the Board and is included in the Board workplan for 2021. Pending consideration by the Board of the framework and PSAA, including any areas of focus that the Board may identify therein, the Secretariat would implement and operationalize the framework and PSAA accordingly.</p>	Medium	<p>The PSAA is a three-year pilot that aims to broaden access to GCF resources by working with countries, entities, and sectors that have struggled to access the GCF so far and are likely to continue to do so. The Secretariat noted that, per decision B.31/06, the Secretariat aims to launch the PSAA pilot in April 2023 and that work is underway on the relevant templates and guidance for the Secretariat and Board.</p> <p>The Secretariat highlighted how the implementation of the PSAA Pilot will seek to (i) expand the capabilities and coverage of GCF funded activities to countries, entities, sectors and technologies that have been underserved by GCF to date and which the existing AE network cannot or will not deliver (ii) implement the PSAA simply and efficiently to meet the needs of the associated projects and promote the greatest likelihood of success, and (iii) coordinate with the institutional accreditation process as needed to ensure proper alignment of incentives across both modalities.</p>
2(c)	The GCF Board and Secretariat should consider simplifying the funding proposal template to allow SIDS to cross-reference GCF country programmes, NDCs,	<p><b>Partially Agree.</b></p> <p>In 2021, the Secretariat will propose to the GCF Board a policy on Climate Rationale, which should outline the scope of the required information to</p>	High	In GCF/B.33/05, the Secretariat proposed a working definition of climate rationale and set out principles-based guidance for demonstrating the climate rationales for mitigation and adaptation. The Board

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	NAPs, IPCC reports or other equivalent analyses in demonstrating overall national vulnerability to the impacts of climate change.	demonstrate suitable and acceptable information to be used for vulnerability to the impacts of climate change. The present template already allows AEs to include as an annex (Annex 2 Feasibility Study) the suitable climate information.		<p>adopted an edited version of this guidance in Annex VI to decision B.33/12.</p> <p>The paper describes that mitigation and adaptation funding proposals should confirm the proposed activities align with host country priorities, national plans and climate strategies (including NDCs, NAPs, NAPAs, long-term climate strategies, and adaptation communications). Regarding suitable data for adaptation proposals, the document states that articulation of identification and response should use the best available information, drawing on data and methods available across and relevant to countries and proposal contexts.</p> <p>The document recognizes the use of traditional, local, and indigenous knowledge and practices in assessing concepts notes, project preparation funding applications and funding proposals.</p>
<b>RECOMMENDATION 3: Approve a policy on a programmatic approach with urgency and with consideration to the issues raised by this evaluation.</b>				
3(a)	The GCF Board should finalize the policy on the programmatic approach, with due consideration of the perspectives of SIDS and AEs in that policy. In particular, programmatic	<b>Agree.</b> Proposals for policy on programmatic approach have been submitted to the Board in previous meetings, most recently at B.25. The Secretariat currently is planning further consultations with AEs and NDAs	Medium	Proposals for the policy on programmatic approaches were submitted to the Board in documents GCF/B.21/31/Rev.01 and GCF/B.23/17. Updates were presented in document GCF/B.25/08 and between B.29 and B.33 with six rounds of revisions completed, including taking a more principles-based approach to the policy. These revisions culminated in a technical

#	Recommendation	Management response	Rating	IEU comment
	approaches should include both single- and multi-country programmes and include provisions to streamline the processes for subproject approval and changes, while ensuring appropriate due diligence.	before submitting a new proposed policy later in 2021.		<p>session with Board members before B.33. Despite expectations, the programmatic approach policy was not tabled at B.34.</p> <p>While early drafts of the policy rarely mentioned the most vulnerable regions, including SIDS, the updated policy provides specific considerations of contextual priorities and programmes and enhanced access for underserved countries. Moreover, principle (a) of the principles-based approach incorporates issues of concern to SIDS.</p> <p>The Secretariat clarified that the Board has requested it to prepare an updated policy on Country Ownership, which should pay specific attention to the need for adjusting the existing No Objection Procedure in the context of multi-country programmes. The Secretariat further highlighted that it will refine the draft of the Programmatic Approach paper in parallel to ensure alignment and eliminate overlap.</p>
3(b)	Once a policy is adopted, the GCF Secretariat should provide AEs with guidance on the policy to build their confidence to prepare such programmes. The GCF Secretariat could also provide more “matchmaking” support for	<p><b>Agree.</b></p> <p>The Secretariat – as with other GCF policies – would provide guidance to AEs, NDAs and relevant stakeholders on such a policy once adopted by the Board.</p> <p>The Secretariat has already launched the GCF Programming Manual in</p>	Low	The draft principles-based programmatic approach policy was not tabled at B.34. The draft policy states that the Secretariat may develop further guidance on operational elements as needed. It further indicates that updates to relevant templates, programming guidance and internal standard operating procedures (SOPs) will be required and are planned to be implemented over 12 months following the policy’s approval. The draft programmatic approach policy does

#	Recommendation	Management response	Rating	IEU comment
	the development of these programmes, to encourage AEs and countries to pursue innovative elements within these programmes and subprojects, including those requested by SIDS' constituencies.	<p>August 2020, which provides guidance to AEs, NDAs and stakeholders on the GCF programming cycle, starting from country programming and entity work programming in the earliest stages, to project and programme concept note and funding proposal preparation and project development support available, as well as implementation, monitoring and reporting on outcomes achieved.</p> <p>In addition, the Secretariat will organise (virtual) structured dialogues to facilitate matchmaking and providing a platform for NDAs and AEs to engage with the aim to address country programming priorities.</p>		not refer to additional "matchmaking" support for programme development.
3(c)	In appraising programmatic approaches, the GCF Board and Secretariat should ensure that they are closely linked with participating countries' NDCs, NAPs and long-term strategies, as well as other national efforts for complementarity and coherence. Programmatic approaches should be ambitious and could be	<p><b>Agree.</b></p> <p>Previous proposals for a policy on programmatic approaches incorporated options for the Board to allow some of the mechanisms suggested here.</p> <p>The Secretariat believes that the Enhancing Direct Access (EDA) RfP could possibly be instrumental to address some aspect of this recommendation. EDA can be</p>	Medium	<p>The Secretariat highlighted its intention to submit the Programmatic Approach paper alongside the updated Country Ownership paper at B.37. This would ensure inter-alignment of the two papers and alignment with the Updated Strategic Plan due to be submitted at B.36.</p> <p>The Secretariat further noted how the EDA RfP is firmly based on national and sub-national actors participating in the design of the activities, emphasizing how country ownership is central to the EDA guidelines. For example, this guidance offers advice on structuring EDA</p>

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	innovative. For example, the GCF could consider financing an individual SIDS' adaptation pathway with funding tranches associated with trigger points or thresholds; such an approach would provide ample opportunities for managed flexibility, robust measures and bounded innovation in project development and implementation. Such approaches could help SIDS meet long-term visions and objectives with robust and predictable finance, while maintaining the flexibility SIDS need to adapt to climate change.	particularly beneficial to SIDS, as it devolves decision making to national and local actors, promotes country ownership and finances sub-projects at national and local levels that align both with the relevant national climate policies/strategies while identifying the actual climate needs with the local stakeholders.		<p>funding proposals, especially their need to align activities with existing NDCs and NAPs.</p> <p>The IEU notes the Secretariat responses do not address the need for managed flexibility in SIDS contexts, as highlighted in the IEU recommendation.</p>
<p><b>RECOMMENDATION 4: Ensure the GCF's approach to private sector engagement reflects the complexion of the local private sector in SIDS and a coordinated approach across the Secretariat and its divisions and facilities.</b></p>				
4(a)	The Board should adopt a private sector strategy that includes the following:	<p><b>Agree.</b></p> <p>Strengthening the private sector in SIDS would benefit from engaging with local AEs, although a coordinated</p>	Substantial	The Private Sector Strategy was adopted in Annex V to decision B.32/06. The strategy attempts to provide a common understanding of the private sector by stating that the PSF will focus on private investors at the

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	<ul style="list-style-type: none"> <li>• A clear common understanding of the private sector, including a reflection of the characteristics of local private sector actors in SIDS</li> <li>• Objectives of private sector engagement, which should include leveraging private sector investment to realize the scale of climate ambitions, as well as improving the resilience of the local private sector and de-risking their climate-related investments</li> <li>• A coordinated strategy among the GCF Secretariat’s DCP, DMA and PSF teams for private sector engagement, including in SIDS, ranging from early stage consultation and awareness building to</li> </ul>	<p>strategy across the Secretariat also needs to consider prioritizing the accreditation of AEs that understand the local context.</p>		<p>global, regional and national levels. These include institutional investors, commercial banks, equity and debt funds, impact investors and insurance companies. While the strategy describes challenges faced by private sector actors in developing countries, the IEU notes that it does not fully reflect the characteristics of local private sector actors in SIDS.</p> <p>One of the four prongs of the Private sector strategy is to de-risk market creating investments to crowd in private climate sector. Notably, the strategy suggests exploring new modalities to scale up the use of guarantees and equity. The document also addresses the need to enhance local private sector resilience, including support for closing insurance protection gaps and reducing foreign exchange risks for DAEs.</p> <p>The Secretariat clarified how PSF has engaged in discussions with potential private sector partners on catalysing adaptation finance at scale in developing countries. The discussions mainly addressed LDCs and SIDS and focused primarily on resilient agriculture, infrastructure, forests, and waste to energy. The Secretariat further clarified how PSF will continue actively engaging with AE and private sector institutions to develop new pipelines aligned with the private sector strategy. These will inform the pipeline for PSAA and prioritize SIDS as a key recipient of funds during USP-2.</p>

#	Recommendation	Management response	Rating	IEU comment
	later-stage project development			
4(b)	The Secretariat should develop approaches for innovative <b>financing structures and instruments</b> , as requested by SIDS. It should also develop <b>approaches for engagement with micro-, small- and medium-sized enterprises</b> operating in constrained environments such as SIDS. Such approaches could include intermediary models that combine lines of credit with technical assistance for subproject preparation, or suites of options to support the private sector to build resilience in specific sectors common to SIDS, such as tourism, fisheries, local traders/merchants and local private transport providers.	<b>Agree.</b> For SIDS, relevant financial instruments could also include insurance/reinsurance and disaster risk funding mechanisms. Local currency financing might be another helpful tool for SIDS.	Substantial	In the Review of the initial private sector facility modalities and the private sector strategy (document GCF/B.32/06), chapter VI on lessons learned highlights how the Secretariat will explore new modalities to enhance GCF support in closing the insurance protection gap. Specifically, chapter VI highlights how the Secretariat can provide grant funding through the RPSP and PPF to design and pilot new insurance products, notably weather-indexed insurance, and invest in new microinsurance products. The Secretariat will also explore opportunities to partner with insurance companies to provide sustainable insurance products and deepen the insurance markets in developing countries, including in SIDS. Chapter VI also highlights how the Secretariat will leverage other ongoing work within the GCF on local currency financing to reduce foreign exchange risk.  The Secretariat highlighted how it supports AEs working as implementing partners with insurers in projects and programmes. This currently occurs in sub-Saharan Africa and will be expanded to SIDS. The Secretariat further highlighted how it is a member of the InsuResilience Global Partnership and is in discussions to explore areas of collaboration with regional risk pools such as Caribbean Catastrophe Risk

#	Recommendation	Management response	Rating	IEU comment
				<p>Insurance Facility as well as global reinsurers, market intermediaries, IAEs and DAEs.</p> <p>The Secretariat outlined how it is also exploring how the GCF can provide local currency financing in multiple ways. These could include hedging against potential currency fluctuations by transferring the foreign exchange risk to funds specialized in non-commercial hedges, or establishing local currency climate investment vehicles to de-risk and make available domestic institutional capital denominated in local currency.</p>
4(c)	The Secretariat should develop performance indicators that encourage development of private sector projects in a larger number of SIDS.	<p><b>Agree.</b></p> <p>As part of its implementation of the Updated Strategic Plan, the Secretariat will closely monitor the number and volume of private sector projects in SIDS.</p>	Low	<p>The Review of the USP (GCF/B.34/Inf.17) states how the GCF will continue to commit “at least half of its adaptation resources to SIDS, LDCs, and African States” (para. 29(f)). In addition, it outlines how the GCF is “seeking to unlock greater private sector investment in adaptation” (para. 34(e)), with a particular focus on securing access for the urgent needs of LDCs, SIDS, and African States.</p> <p>The zero draft of the Update of the Green Climate Fund Strategic Plan (GCF/B.34/Inf.17/Add.01) outlines how building private sector participation in LDCs/SIDS might be strengthened in the 2024-2027 Strategic Plan. Moreover, the review (GCF/B.34/Inf.17/Add.01) further builds on the Private sector strategy, as presented through Decision GCF/B.32/15. The Review supports developing high-quality public-private</p>

#	Recommendation	Management response	Rating	IEU comment
				innovation ecosystems, especially in LDCs, SIDS and African States (Annex V, para. 14), using PSAA, AEs or other existing modalities in climate adaptation (para. 16).
4(d)	Following a critical review of the GCF’s experience with the current RfPs, the GCF Secretariat should consider an RfP for private sector investments in SIDS. To ensure the success of the RfP, it should be sequenced after any structural or incentive issues with the RfPs are addressed and access issues are improved for SIDS.	<p><b>Partially Agree.</b></p> <p>One of the major bottlenecks with past RfPs is those concepts submitted by non-AEs. Consideration needs to be given to lessons learned from those experiences and practical approaches to address that issue.</p> <p>In addition, existing modalities are already building capacity and regulatory frameworks in many SIDS. PSF has provided support to some Caribbean SIDS through Readiness. Furthermore, an essential part of the support for SIDS is helping MSMEs in these countries, which was the goal of the MSME RfP. The Secretariat would prefer to find means and incentives to use existing modalities more effectively before undertaking a new RfP which could add further complexity.</p>	Low	The Secretariat circulated a draft of the “Review of RfPs and Funding Allocations” to the Board for comments in August 2021 and continues to conduct analyses and hold discussions to support developing an acceptable document. Additionally, a draft ToR for the RfP to support climate technology incubators and accelerators was circulated to the Board for comments in November 2021. The Secretariat aims to submit the RfP for the Board’s consideration by B.36. While the RfP does not explicitly target the SIDS, it will aim to support local private sector actors in developing countries.

**Abbreviations**

**AE** Accredited Entity

**PA** Programmatic Approach

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<b>AI</b>	Administrative Instruction	<b>PDTA</b>	Project Development Technical Assistance
<b>CCCCC</b>	Caribbean Community Climate Change Center	<b>PPF</b>	Project Preparation Facility
<b>CDB</b>	Caribbean Development Bank	<b>PMF</b>	Performance Measurement Frameworks
<b>CIEWS</b>	Climate Information and Early Warning Systems	<b>PSAA</b>	Project-specific accreditation approach
<b>DAE</b>	Direct Access Entity	<b>PSF</b>	Private Sector Facility
<b>EDA</b>	Enhancing Direct Access	<b>RfP</b>	Request for Proposal
<b>ESS</b>	Environmental and Social Safeguards	<b>RNA</b>	Readiness Needs Assessment
<b>IAE</b>	International Accredited Entity	<b>RPSP</b>	Readiness and Preparatory Support Programme
<b>IEU</b>	Independent Evaluation Unit	<b>SAP</b>	Simplified approval process
<b>IPCC</b>	Intergovernmental Panel on Climate Change	<b>SIDBI</b>	Small Industries Development Bank of India
<b>IRMF</b>	Integrated Results Management Framework	<b>SIDS</b>	Small Island Developing States

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## Annex 10: Management Action Report on the Independent Synthesis of the GCF's Accreditation function

1. Decision B.BM-2021/07 established the Green Climate Fund's Evaluation Policy (see document GCF/BM-2021-09). This Policy describes how all evaluations (or reviews or assessments) submitted by the IEU to the Board will have an official management response prepared by the GCF Secretariat (prepared in consultation with relevant GCF stakeholders) to inform Board decision-making (see paragraph 58 (g)/appendix III).
2. Management action reports are prepared by the Independent Evaluation Unit and received by the Board to provide an overview of the Board's consideration of the recommendations, respective management responses, and the status of implementation (see GCF/BM-2021/09, paragraph 28, paragraph 64 (b) / appendix I / appendix III).
3. In preparing this MAR, the IEU considered the Secretariat's management response to the Independent synthesis of the GCF's Accreditation function.
4. Of the 17 recommendations of the evaluation, the Secretariat agrees with 8 recommendations and partially agrees with one recommendation. The Secretariat did not disagree with any of the recommendations. Eight of the recommendations were for consideration by the GCF Board.
5. For each recommendation made by the IEU evaluation, this MAR provides a rating and commentary prepared by the IEU. The draft rating scale and commentary were shared and discussed with the Secretariat prior to the writing of this report. The comments provided by the Secretariat were then taken into account in the preparation of the MAR. The rating scale for the progress made on the adoption of recommendations is as follows:
  - (a) High: Recommendation is fully incorporated into policy, strategy or operations.
  - (b) Substantial: Recommendation is largely adopted but not fully incorporated into policy, strategy or operations yet.
  - (c) Medium: Recommendation is adopted in some operational and policy work, but not significantly in key areas.
  - (d) Low: No evidence or plan for adoption, or plan and actions for adoption are at a very preliminary stage.
  - (e) Not rated: Ratings or verification will have to wait until more data is available or proposals have been further developed.
6. In terms of the progress made with the adoption of the 17 recommendations set out in the evaluation, the rating of "high" is given to no recommendations, the rating "substantial" is given to three recommendations, the rating "medium" is given to ten recommendations, and the rating of "low" is given for four recommendations.

Note: Where acronyms or abbreviations in the text are not explained, please refer to the Abbreviations list thereunder.

#	Recommendation	Management response	Rating	IEU comment
<b>RECOMMENDATION 1: Strengthen the governance structure for accreditation, clarify the strategic role of accreditation in the GCF, and critically address the mission overload.</b>				
1(a)	<p><b>Recommended actions for the GCF Board:</b></p> <p><b>Reinforce the TORs of the AC to become more effective.</b> The TORs of the AC indicate its role in providing policy and strategic guidance to the AP as well as facilitating Board’s interaction with recipient countries. This needs to be realized and re-vitalized.</p>	This recommendation is for consideration by the GCF Board.	Low	Regarding accreditation, document GCF/B.31/12 contains the Co-Chairs’ proposal for updating the Accreditation framework. Paragraph 82 lays out the role and mandate of the Accreditation Committee, which includes “facilitating the Board’s interaction with recipient countries with regard to disseminating information to them and familiarizing them with the accreditation process” (82(b)) and providing policy guidance to the Accreditation Panel “to facilitate the accreditation and re-accreditation process without interfering with the technical assessments of the Accreditation Panel” (82(c)). In practice, however, the effectiveness of the Accreditation Committee remains low, with limited interaction of the Board with recipient countries. While the AC has increased interaction with the Accreditation Panel, it is still not autonomous.
1(b)	<p><b>Recommended actions for the GCF Board:</b></p> <p><b>Recommendation 1b. The role of accreditation should be re-examined within the GCF given that the GCF has evolved since this function was first</b></p>	This recommendation is for consideration by the GCF Board.	Low	<p>According to the March 2022 annual progress report on USP implementation (GCF/B.31/Inf.02/Add.02), paragraph 46(d) recommends adopting an Accreditation strategy to focus and streamline accreditation tasks of the Secretariat.</p> <ul style="list-style-type: none"> <li>• The accreditation strategy adopted at B.34 is limited in adding clarify. In light of GCF limitations with managing, incentivizing and measuring multiple</li> </ul>

#	Recommendation	Management response	Rating	IEU comment
	<p><b>conceived.</b> In this re-examination, the GCF should utilize the experiences of <u>other global funding institutions</u>, acknowledging the unique mandate of the GCF.</p>			<p>purposes, it is recommended that the principal purpose of accreditation should be lean, viz., quality development and implementation of FPs.</p>
1(c)	<p><b>Recommended actions for the GCF Board:</b></p> <p><b>Recommendation 1c. Develop a strategy on accreditation that resolves mission overload that the function currently witnesses.</b> A strategy on accreditation must clarify how accreditation fits within the overall GCF vision, and its primary outcomes. This will prevent accreditation from being looked at critically, by various members of the GCF ecosystem. The vision should clarify which outcomes are key for</p>	<p>This recommendation is for consideration by the GCF Board.</p> <p>The Secretariat notes that an accreditation strategy is contained within the draft Updated Strategic Plan for the GCF, specifically the draft by the Co-Chairs contained in document GCF/B.25/09.</p>	Medium	<p>In document GCF/B.31/12, on the Co-Chairs' proposal on the updates to the accreditation framework, paragraph 5 directly addresses Board-centered recommendations from this Synthesis, including:</p> <p>“By decision B.30/11 paragraph d, the Board invited members and alternate members of the Board to consider the findings and recommendations of the Synthesis and the corresponding Secretariat management responses and to provide any comments not later than 10 December 2021. A summary of these views was then circulated by the IEU to the Board, so that these views can be incorporated into Board discussions and decisions on related policy items. Among the views expressed, there was a high level of convergence on the need to develop a more strategic approach to accreditation. This was also considered in the drafting of this document.”</p> <p>In principle, the Board has adopted an accreditation strategy, but many strategic gaps are to be addressed</p>

#	Recommendation	Management response	Rating	IEU comment
	accreditation to realize and which ones are secondary.			later. The overall mission overload is not addressed, however.
1(d)	<p><b>Recommended actions for the GCF Board:</b></p> <p><b>Recommendation 1d. The Accreditation Panel needs to be strengthened.</b> The interaction of the AP with the Board and the AC needs to improve qualitatively and in frequency. (So far, the AP does not interact much with the Board.) The capacity of the AP to understand the strategic thrust of the GCF needs to be strengthened.</p>	This recommendation is for consideration by the GCF Board.	Substantial	<p>The Accreditation Panel has provided updates at Board meetings more consistently and frequently since B.28 using an activity report that addresses accreditation applications and conditions, re-accreditation, and MAF assessments. However, activity reports from the Accreditation Committee and Accreditation Panel suggest that Board interactions remain much stronger with the Accreditation Committee.</p> <p>Documents GCF/B.29/Inf.06, GCF/B.30/Inf.08, GCF/B.31/Inf.13, GCF/B.32/Inf.09/REV.01, GCF/B.33/Inf.09/Add.01, and GCF/B.33/09/Add.01, all present activity reports from committees, panels, and groups for the Board, including Accreditation Panel reports.</p>
<b>RECOMMENDATION 2: Assess and incentivize capacity building and alignment with the GCF mandate, within the accreditation function.</b>				
2(a)	<p><b>Recommended actions for the GCF Secretariat:</b></p> <p><b>Accreditation and re-accreditation reviews should examine institutional performance, project results and portfolio alignment of chosen AEs.</b> To that end,</p>	<p><b>Agree.</b> Both project and institutional level performance are already being evaluated for Accredited Entities and these form part of the reaccreditation process.</p> <p>The Secretariat has conducted a review of the portfolio covering 100 projects for reporting against fund level results.</p>	Substantial	<p>The latest updated Accreditation Framework Policy adopted by the Board in decision B.31/06 includes guiding principles for the accreditation process, GCF standards for accreditation, and the role and responsibilities of AEs.</p> <p>The Accreditation Framework states that the scope of review (paragraph 70 (f) (I)) included both project and institutional performance of AEs over the previous five</p>

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	<p>the monitoring and reporting by AEs in terms of performance, results, and alignment with the GCF's mandate need to improve.</p>	<p>The review takes into consideration the main issues as raised by the IEU RMF/PMF evaluation and focuses on the sufficiency and independence of the Means of Verification, the adequacy of baselines and the results targeted at project completion. Based on this review, the Secretariat has developed a M&amp;E gap analysis paper for Board consideration which includes a request for the allocation of additional funding to respond to the deficiencies identified. This paper was tabled for Board consideration at B.25 (GCF/B.25/05).</p> <p>The GCF guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including GCF's fiduciary principles and standards and environmental and social safeguards (decision B.07/02) as well as the accreditation application form (decision B.08/06) includes a review of the information on the scope of intended activities and estimated contribution requested for an individual project or activity.</p>		<p>years, specifically how they contributed to GCF programming results. Additionally, an NDA or focal point report on participatory monitoring and review is assessed, if available, on AE performance within GCF-funded activities in the country (paragraph 70 (f) (iii)).</p> <p>The Secretariat conducts institutional assessments to ensure quality at entry by verifying alignment with the GCF mandate and objectives. This verification includes the selection of applicants best suited to support the objectives of the GCF (paragraph 50 (a)). Furthermore, the PSAA also conducts an institutional capacity assessment that examines how the applicant entity could contribute to the GCF mandate, potential reputational risks to the GCF, legal status, the entity's compliance with GCF fiduciary standards and principles, and the entity's capacity to manage relevant E&amp;S and gender risks (paragraph 108).</p> <p>Following decision B.24/13, para. (a) and annex XXVI to the decision, the Board adopted the reaccreditation process. At B.26 (document GCF/B.26/03) the Secretariat's first re-accreditation reviews were called for submission at B.26 (document GCF/B.26/03) to be submitted by B.27.</p> <p>The AEs' monitoring and accountability framework includes monitoring and reporting requirements at the institutional level through APRs and financial management reports, in addition to interim evaluation reports and a final evaluation report for each funded</p>

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		<p>This is taken into account in the Secretariat’s assessment and part of the recommendation on applicants submitted for Board consideration. The role and responsibilities of an AE can be further codified, and this is currently being addressed in the draft updated accreditation framework that has been presented for Board consideration from B.19 to B.24. The GCF adopted its Monitoring and Accountability Framework (decision B.11/10) and the re-accreditation process (decision B.24/13), both of which identify monitoring and reporting requirements of AEs at both the institutional and institutional levels, and AE performance is a factor to be considered in re-accreditation. Specifically, paragraph 35 of the Monitoring and Accountability Framework notes that the re-accreditation decision by the Board will take into account the Secretariat and Accreditation Panel’s assessment of the extent to which the AE’s overall portfolio of activities, beyond those funded by GCF, have evolved in this direction during the accreditation</p>		<p>activity. For re-accreditation applicants, the Secretariat and AP will review each AE’s performance over the previous five years, including GCF-funded activity reports.</p> <p>In response to decision B.28/02 to present a detailed action plan and funding envelope for remedial action to the Board, document GCF/B.33/10 presents the Secretariat’s latest reviews of remediation efforts covering all M&amp;E gaps assessed through 100 FPs approved up to and including B.22.</p> <p>Twelve remedial measures were identified across all indicators. The top three measures were Means of Verification for results triangulation, missing targets (particularly midterm targets), and insufficient baselines, totaling 50 per cent (paragraph 20; figure 3). The Budget Committee approved the Secretariat’s budget request for Phase 1 of the remediation activities. The Board approved the additional administrative budget through decision B.BM - 2021/17.</p> <p>The Secretariat has launched a dedicated funding window under the RPSP to help DAEs implement the IRMF. It is one of several initiatives to enhance DAE capacity regarding results measurement and reporting systems for implementing the IRMF (GCF/B.33/inf.06).</p> <p>Under the second aim of the GCF’s Accreditation strategy (see annex VIII to decision B.34/19), the</p>

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		<p>period. As GCF will undergo its first re-accreditation reviews starting in late 2020 for Board consideration starting in the first quarter of 2021, the recommendation proposed would be addressed at that time.</p> <p>The Secretariat is also providing support to DAEs through the RPSP to improve their performance with the GCF, and such support is being expanded.</p>		<p>Secretariat further confirmed strategically using partner accreditation while increasing the share of the Direct Access Entities, helping to diversify the GCF's AE network. Also under the second aim, the Secretariat confirms that it will provide capacity building support. Particularly to DAEs through the RPSP and the PPF.</p>
2(b)	<p><b>Recommended actions for the GCF Secretariat:</b></p> <p><b>Re-accreditation should include an assessment of the <u>alignment of an AE's portfolio with the GCF mandate</u>.</b> This assessment should be based on clear, transparent and predictable criteria that are communicated to applicants and potential AEs.</p>	<p><b>Agree.</b></p> <p>See response to the recommendation 2a, with regards to the Monitoring and Accountability Framework (decision B.11/10) and the re-accreditation process (decision B.24/13).</p>	Medium	<p>The Updated accreditation framework outlines the Monitoring and Accountability Framework's (MAF) reporting requirements at the institutional and project or programme levels for re-accreditation. Just as AEs are required to demonstrate quality-at-entry by verifying alignment with the GCF's mandate and objectives, they are also required to report on continued compliance with GCF standards for accreditation throughout the accreditation period (paragraph 68).<sup>31</sup></p> <p>The Secretariat stated it had found all assessments of re-accreditation applicants submitted for Board consideration relevant and per the re-accreditation</p>

<sup>31</sup> For example, through the MAF, APRs, financial management reports, interim evaluation reports, and a final evaluation report are also required from AEs for each funded activity.

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				<p>process, starting from B.29 when re-accreditation applicants were first recommended.</p> <p>The Secretariat underscored that the re-accreditation process adopted in decision B.24/13 has also been incorporated into the updates to the Accreditation Framework adopted in decision B.31/06, which will come into effect by April 2023.</p>
2(c)	<p><b>Recommended actions for the GCF Secretariat:</b></p> <p><b>IAEs should be assessed for their contributions to building capacities of DAEs.</b> This assessment needs to be based on clear criteria and communicated to candidates.</p>	<p><b>Agree.</b></p> <p>In accordance with decision B.10/06, paragraph (i), which recalls decision B.08/03, all international access entities, as an important consideration of their accreditation application, shall indicate how they intend to strengthen capacities of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of GCF in order to enhance country ownership and that they report annually on these actions. In accordance with this, international entities applying for accreditation are required to provide information as a part of their accreditation application, and this information forms part of the recommendation on applicants to be</p>	Low	<p>Among the Accreditation Framework's terms, IAEs' contributions to building DAE capacities are considered through annual reports on DAE support (paragraph 70(f)(iv)).</p> <p>However, considering how crucial capacity building and entity twinning are to the GCF business model, the IEU requests the Secretariat provide trackable criteria or verification processes to help ensure that IAE's annual reports contain the required information. The IEU requests that such information demonstrate due diligence regarding plans for building the capacity of potential subnational, national, and regional entities to meet accreditation requirements and strengthen country ownership. A review of project documents illustrates that not all annual reports from IAEs meet the requirement to conduct such activities or even the intention to do so.</p> <p>The Secretariat highlighted that during the thirty-third meeting of the Board, and further indicated in document GCF/B.34/09, the GCF does not have a</p>

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		<p>considered by the Board for accreditation.</p> <p>Once accredited, international access AEs are required to report on the aforementioned actions on an annual basis. This requirement is also codified in clause 15.03(b) of the Accreditation Master Agreement template. The Secretariat reviews annual reports provided by IAEs with effective AMAs and reports to the Board on an annual basis.</p>		<p>standard for the type of support IAEs should provide DAEs. The Secretariat further highlighted that while there is no such standard, it has updated the reporting template for the annual report by IAEs in line with decision B.10/06, starting with the reporting period covering 2022 and due in February 2023.<sup>32</sup></p> <p>The Secretariat underscored that, along with the independent Accreditation Panel, review re-accreditation applications are in line with the re-accreditation process adopted by the Board in decision B.24/13 (see IEU response to recommendation 2b).</p>
2(d)	<p><b>Recommended actions for the GCF Secretariat: Efficiency of the accreditation process needs to improve.</b></p> <p>Currently it takes a median number of 506 days for entities to be approved for accreditation by the Board from the time their application is approved on the online approval system.</p>	<p><b>Agree.</b></p> <p>The Secretariat has proposed design changes to the guiding accreditation framework in the draft updated accreditation framework, most notably the proposal to aggregate all technical reviews currently split over the Secretariat in Stage I and the AP under Stage II (Step 1) fully under the AP under Stage II (Step 1). In doing so, this would reduce overlap between the Secretariat and AP reviews.</p>	Medium	<p>The Updated accreditation framework was adopted under decision B.31/06 paragraph (d). The updated framework integrates the proposed changes to consolidate the previously split technical reviews, with the AP's technical review positioned solely within Section II (Step 1).</p> <p>Entities applying for accreditation previously had access to the Online Accreditation System (OAS), a platform for receiving, processing and upgrading applications. As of 22 March 2022, the OAS was phased out in a transition towards the Digital Accreditation</p>

<sup>32</sup> The updates clarify the requirements for this reporting. These include indicative types of support IAEs may provide regarding GCF accreditation standards at the institutional level and indicative types of support IAEs may provide regarding track record in applying GCF accreditation standards at the institutional level. IAEs will also be requested to inform if (i) non-accredited or accredited DAEs have confirmed the IAE-indicated support has been provided and (ii) the outcomes of such support.

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	<p>Turn-around times and processing times need to be established by the Secretariat and communicated to the GCF partnership.</p> <ul style="list-style-type: none"> <li>• <b>Design the accreditation process to avoid overlaps.</b> Avoid overlaps between Stages I and II; avoid overlaps between accreditation and the FP process.</li> <li>• <b>Establish and announce turnaround times.</b> Additional support may be elicited by regional advisors.</li> <li>• <b>Improve the capacity of entities with existing resources and strengthen their ability to interact with the Fund.</b> RPSP funds should be utilized especially for post-accreditation support. In order to ensure strategic alignment, the Secretariat should take on</li> </ul>	<p>The Secretariat is continuing to work toward identifying average turn-around times, noting Secretariat limited capacity; the roles and responsibilities expected of AEs (and thus requirements for applicants); and the variety of accreditation types that applicants can apply for, reflective of the different funding size, environmental and social risk levels and financial instruments and financing modalities an AE can work with. It is noted that at the Adaptation Fund it takes an average of 19 months (580 days) between first submission of the accreditation application for national and regional implementing entities to the Adaptation Fund Board’s decision, and that such entities work with grants equivalent to the GCF size category of ‘micro’.</p> <p>The Secretariat works proactively with NDAs to identify DAEs that can contribute strategically to the programming priorities of countries as well as to ensure alignment with GCF strategies. Through the RPSP support is also provided to improve the capacities of such entities.</p>		<p>Platform (DAP), as part of GCF’s efforts to digitalize business operations.</p> <p>The DAP was built to handle ever-changing business processes while digitalising and automating stages in the accreditation lifecycle. The DAP integrates guidance notes for applicants and provides tailored review checklists for applicants as well as for the Secretariat and Accreditation Panel in their reviews. This increases application feedback response rates while enhancing transparency during the review process. New DAP modules are also in development to automate data aggregation while tracking the status of pipeline and applicants.</p> <p>The updated automation and tracking are expected to expedite the Secretariat’s efforts in tracking the efficiency and effectiveness of accreditation processes.</p> <p>According to the March 2022 annual progress report on USP implementation (GCF/B.31/Inf.02/Add.02), paragraph 46(d) says operational streamlining efforts on accreditation processes have been implemented but still require further policy action to see substantial gains. The DAP is expected to improve the process’s efficiency and transparency, AE upgrades, reporting, and re-accreditation. However, the overall time required from application submission to Board approval has lengthened. This is due to an increased pipeline and greater complexity among entity types</p>

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	<p>an explicit role in soliciting potential AEs.</p> <p><b>Reduce the time taken for legal negotiations.</b> For the group of 59 entities that have <i>effective</i> AMAs (i.e. can now receive FP funds from the Fund), it took a median number of 638 days from Board approval to becoming effective. There is clearly a need to build capacities all-around on policy sufficiency and legal negotiations, including within the Secretariat and for AEs.</p>	<p>The time taken for the negotiation of legal agreements has already been reduced. Currently, applicants receive the template AMA – which is also available on the website – as part of the accreditation process, which allows them to review the terms and conditions of the AMA before a Board decision is taken accrediting the applicant. It also expedites AMA negotiations, which start right after the Board decision.</p>		<p>regarding the application of broader standards and the addition of re-accreditation considerations.</p> <p>The Secretariat highlighted how the Accreditation Strategy, adopted in decision B.34/19, includes three key pillars: (1) enhancing the efficiency, effectiveness and inclusiveness of the GCF accreditation and re-accreditation process, (2) the strategic use of accreditation of partners to advance the goals of GCF,<sup>33</sup> and (3) optimizing incentives for partners to invest in a dedicated capacity to programme for GCF.</p> <p>The Secretariat confirmed that the strategy, coupled with the updates to the accreditation framework adopted in decision B.31/06 (which will come into effect in April 2023), is expected to yield efficiencies in the re-accreditation and accreditation process. In addition, the Secretariat confirmed that the Board would further consider strategic matters relating to accreditation that require further Board consideration at its thirty-fifth meeting (as contained in section II of annex IX to decision B.34/19).<sup>34</sup></p>

<sup>33</sup> Including by filling gaps in capabilities and coverage to deliver on high quality, transformational and paradigm-shifting programming while increasing the share of direct access entities.

<sup>34</sup> These include the Board’s continued consideration of measures to right-size the AE network to address mission overload, incentivize AEs to build a dedicated GCF programming capacity, and manage performance of the AE network. Addressing these considerations will require (i) reconciling the tension between programming at speed and scale (ii) building/strengthening the capacities of (D)AEs and (iii) managing the trade-offs between the Secretariat’s resources and how it engages with different AEs regarding programming capacities and capacity building needs.

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				<p>The Secretariat further noted how it is continuing its digitization efforts to enhance the efficiency of the (re)accreditation process.<sup>35</sup></p> <p>The Secretariat confirmed that as of the DAP's 22 March 2022 launch, the DAP would also serve as a one-stop shop for applicant responses and Secretariat and AP reviews. The Secretariat stated that it is continuing to develop new DAP modules on the DAP, including for accreditation upgrade applications, accreditation conditions and information management. The Secretariat continues to refine the existing modules based on user feedback.</p> <p>The IEU notes that the Secretariat has not yet clarified when it will provide information about the time taken for accreditation turnarounds and legal negotiations. The IEU notes that retrieving and publishing these times should be straightforward as these time stamps are now tracked in the DAP.</p>
<p><b>RECOMMENDATION 3: The selection of AEs and composition of the AE portfolio should be based on an overall strategy that indicates how these entities will help support the GCF's mandate.</b></p>				
3(a)	<b>Recommended actions for the GCF Secretariat:</b>	<b>Agree.</b>	Medium	The first of three stages in the Updated accreditation framework consists of nomination, institutional

<sup>35</sup> Prior to 22 March 2022, the former Online Accreditation System (OAS) only accepted applications submitted via the system and tracked Secretariat and independent Accreditation Panel reviews. All other steps of the process were conducted outside of the platform. These included requesting for an OAS account, invoicing and payment of accreditation application fees, review feedback from the Secretariat and Accreditation Panel, and responses from applicants, conditions of accreditation, and other AE institutional level reporting.

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	<p>The GCF should support countries and NDAs so they can be strategic in nominating entities for direct access. Country programmes and/or country climate finance strategies should drive the decision on the type and number of entities nominated. Currently it is unclear if entities are chosen so they can support the GCF mandate or because they have the ability to process GCF funds (i.e. project management) or both.</p>	<p>The Secretariat is supporting the Accreditation Committee in its development of the updated accreditation framework. The updated framework is expected to include the indication that NDAs/focal points are expected to develop a strategy or approach to accreditation, including the nomination of direct access entities and confirmation that the entity can fulfil the role and responsibilities of an AE and is best suited to undertake their country’s climate change programming priorities (such as in their country programme with GCF, where available).</p> <p>The Secretariat has also been guiding NDAs to include the AEs intended to deliver on their programming priorities as they develop their country programmes for the GCF, and expects to codify these expectations in further guidance from the Secretariat or updated guidelines on developing country programmes.</p>		<p>assessment and readiness. NDAs or focal points are required to develop a specific strategy or accreditation approach, including DAE nominations. Such nominations are paired with confirmation of the entity’s capacity to fulfil the AE role and responsibilities while aligning with national climate change programming priorities. Strategy development and nomination support are available through RPSP for NDAs/focal points (section 6.1, para. 46).</p> <p>The Secretariat highlighted how the Accreditation strategy, adopted in decision B.34/19, includes actions on improving guidance on the role of AEs and the accreditation process. The actions include guiding entities to choose the right approach to accreditation depending on the project/programme pipeline size and providing programming advice to AEs in delivering such programming.</p> <p>The Secretariat further highlighted how the Accreditation strategy prioritizes expanding the AE network to align with programming gaps. Moreover, the Secretariat highlighted how the Board did not approve prioritizing specific types of entities for accreditation, noting that the Board may decide to prioritize a country’s first direct access entity. These may also include private sector entities or non-governmental entities.</p> <p>Turning to national strategies or approaches to accreditation, the Secretariat highlighted how the</p>

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				<p>Accreditation strategy includes updating re-accreditation and accreditation guidance to NDAs and entities.<sup>36</sup> It also calls for the GCF to proactively engage with and incentivize NDAs to ensure they make quality AE nominations and to support their capacity to undertake this role. The Secretariat confirmed that such engagement can continue and be strengthened through country programming and investment planning processes.</p> <p>Furthermore, the Secretariat underscored that it works closely with NDAs to identify entities and understand fit and pipeline suitability. It reiterated that nominations are assessed against the project pipeline presented in country programmes, and a dialogue with the NDA ensures consistency of the country's plans with GCF. The Secretariat stated that it has shared an AE assessment matrix for NDAs to use to assess a potential DAE's suitability for programming with the GCF.<sup>37</sup></p>
3(b)	<p><b>Recommended actions for the GCF Secretariat:</b></p> <p><b><u>Pre-accreditation support, including RPSP, is essential for building capacities of candidate</u></b></p>	<p><b>Agree.</b></p> <p>Such support is important and is already provided within the RPSP. This support facilitates Direct Access entities in meeting the standards of GCF as soon as possible. It also aids their</p>	Medium	<p>The 2022-2023 RPSP work programme lists the strengthening of institutional capacity as one of its key initiatives (GCF/B.33/07, Section 1, para 10.b). The 2022-2023 RPSP work programme further states that the Secretariat will also offer tailored technical assistance through a roster of external firms for both</p>

<sup>36</sup> This includes reflecting GCF strategic priorities and programming directions, and the accreditation strategy.

<sup>37</sup> This has resulted in some nominated entities transitioning into executing entities to support more appropriate DAEs.

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	<p><b>entities.</b> This support will also <u>reduce processing times</u> and provide an overall strong suite of AEs.</p>	<p>ability to programme projects with GCF.</p>		<p>NDAs and DAEs (para. 14). Additionally, objective 4 of the 2022-2023 RPSP work programme highlights support for developing CNs and FPs under SAP and PSAA (Section 1, para. 15.c). The updated RPSP work programme also details end-to-end support, including implementing the IRMF (Section 1, para. 7).</p> <p>The Secretariat underscored that DAEs can already access the RPSP for pre- and post-accreditation support to meet or continue to meet the GCF's accreditation standards. However, the Secretariat acknowledged encountering challenges in the RPSP requests submitted by NDAs for DAE support pre- and post-accreditation.</p> <p>The Secretariat highlighted how the Accreditation Strategy, approved in decision B.34/19, requests the Secretariat to prepare an information paper on (i) climate change programming development and implementation competencies and capacities relevant to programming with GCF and (ii) options for building or strengthening such capacities among AEs. The latter particularly emphasize DAEs and include RPSP provided support, such as technical assistance, cooperation between international access AEs (IAEs) and DAEs, and peer learning.</p>
3(c)	<p><b>Recommended actions for the GCF Secretariat: Post-accreditation support for DAEs is essential and needs to be</b></p>	<p><b>Partially agree.</b> IAEs are required in accordance with decision B.10/06, paragraph (i), and their AMA entered into with GCF, to report annually on how they intend to</p>	Medium.	<p>According to the 2022-2023 RPSP work programme (document GCF/B.33/07), a roster of technical experts is also available to assist and support DAEs post-accreditation. In addition, the updated RPSP work</p>

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	<p><b>strengthened.</b> Some of the ways in which this support can be provided include:</p> <ul style="list-style-type: none"> <li>• Requiring that proposals from IAEs be made with the appropriate involvement of DAEs. Co-development, co-implementation and co-reporting will help incentivize capacity building and transfer of knowledge between IAEs and DAEs.</li> </ul> <p>Explicitly devoting resources to building the capacities of newly accredited entities to propose FPs to the GCF. In this context the role of RPSP and PPF in this space should be strengthened.</p>	<p>strengthen capacities of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of GCF in order to enhance country ownership. Co-implementation should be seen in terms of capacities as well as accountabilities for performance as well as the incentive mechanisms for both AEs. It would therefore be preferable to encourage co-implementation by creating incentives for IAEs to work with DAEs, rather than making this a requirement. One proposal by the Secretariat is captured in the programmatic approach policy draft which was published for B.25 but was not opened by the Board.</p> <p>Support for capacity building of DAEs post-accreditation is available to DAEs upon the request of NDAs under the RPSP. Such support covers the entire project cycle, from pipeline development and project preparation to also supporting capacity development for implementation, monitoring and evaluation. While such</p>		<p>programme details end-to-end technical assistance, including for implementing the IRMF (Section 1, para. 7).</p> <p>As outlined above in the IEU comment for recommendation 2a, the Secretariat has launched a new dedicated funding window under the RPSP to support DAEs implementing the IRMF as part of building AE capacity in results measurement and IRMF reporting systems (GCF/B.33/inf.06). In this respect, post-accreditation support for DAEs is available through the RPSP for the entire project lifecycle, once NDAs make a request.</p> <p>In addition, the RPSP Guidebook includes building institutional capacities of accredited DAEs and accreditation candidates. For example, Outcome 1.2 expects DAEs and applicants to be equipped with the capacity to meet and maintain GCF standards.</p> <p>As highlighted above, IAEs' contributions to building DAE capacities are included in the Accreditation Framework's accreditation and re-accreditation terms. This is through annual reports on DAE support to meet accreditation requirements (paragraph 70(f)(iv)). Examples of co-development or co-implementation include FP151 (IUCN) and FP152 (Pegasus Capital), consisting of two proposals for the same project through a IAE and DAE partnership that required separate proposals, not in relation to institutional</p>

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		<p>support has been principally provided in the form of grants, the Secretariat is expanding such support in the form of technical assistance provided through rosters of individual consultants and firms.</p>		<p>capacities but due to the contrast in their accreditation categories.</p> <p>While AMA requirements state that IAEs are to report annually on how they are enhancing the capacities of subnational, national, and regional entities to meet accreditation requirements, annual reports only sometimes contain information on how accredited entities either partner with or otherwise support these entities.</p> <p>The Secretariat underscored that DAEs can already access the RPSP for both pre- and post-accreditation support to meet or continue to meet GCF accreditation standards.</p> <p>The Secretariat highlighted the lack of a standard definition of DAEs' post-accreditation needs. It says this is due to the great diversity of entities and their respective mandates, track record, country contexts and capacities. The Secretariat stated that regional desks liaise with DAEs throughout the origination phase of the project cycle.</p> <p>The Secretariat also repeated that the GCF lacks a standard for the type of support IAEs should provide to DAEs and associated points (see the IEU response under recommendation 2c).</p>
3(d)	<p><b>Recommended actions for the Board:</b></p>	<p>This recommendation is for consideration by the GCF Board.</p>	Medium	<p>According to decision B.12/30, paragraph (d), the Accreditation Panel was requested to establish a</p>

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	Although on paper the portfolios of <b>all</b> AEs need to be examined, the on-going efforts to establish portfolio baselines for re-accreditation should be expedited and include both DAEs and IAEs results should be taken into account for the re-accreditation assessments.			baseline on the overall institutional portfolios of AEs during their initial accreditation period. Within the latest updated baseline methodology, AEs are requested to include information on their re-accreditation applications (see GCF/B.28/11/Add.02).
3(e)	<p><b>Recommended actions for the Board:</b></p> <p><b>The (new) accreditation strategy should clarify the target portfolio mix of AEs for the GCF.</b> Such a strategy should also discuss the how AEs will be engaged with, their key outcomes and the GCF's overall GCF FP pipeline and countries that are not able to access the GCF.</p>	<p>This recommendation is for consideration by the GCF Board.</p> <p>The Secretariat notes that an accreditation strategy is contained within the draft Updated Strategic Plan for the GCF, specifically the draft by the Co-Chairs contained in document GCF/B.25/09.</p>	Medium	<p>The Updated Strategic Plan was adopted by decision B.27/17. It sets out the parameters and guidelines effective from B.27 onwards for GCF-1. The GCF's Accreditation Strategy highlights that in response to decision B.31/06, the Secretariat presented an analysis of the AE portfolio in document GCF/B.32/08. The GCF's Accreditation Strategy further highlights how a review of the GCF portfolio during the first replenishment period reveals an uneven project quality at pipeline entry and programming gaps. It commits the GCF to maximize the use of the existing AEs to address GCF programming directions, including targeting gaps in the portfolio. For example, the GCF's Accreditation Strategy highlights that a specific combination of AEs to address GCF programming priorities appears to be currently lacking in the AE network.</p>

#	Recommendation	Management response	Rating	IEU comment
				The uptake of these identified gaps remains low.
<b>RECOMMENDATION 4: GCF should clarify the aim and limitations of PSAA before piloting; GCF-1 strategic planning should include targets and plans.</b>				
4(a)	<p><b>Recommended actions for the Board:</b></p> <p><b>The GCF should articulate the main aims of PSAA and clearly articulate how accreditation will fit into its overall outcomes.</b> This will help clarify the objectives of PSAA, against which it will be evaluated at the end of the pilot.</p>	<p>This recommendation is for consideration by the GCF Board.</p> <p>As contained in the updated accreditation framework, two modalities for engaging with GCF on projects/programmes are envisaged: institutional accreditation, which is currently in place, and the new and complementary modality, the project-specific assessment approach (PSAA).</p> <p>The two modalities provide more options for access to GCF resources that are fit for longer-term (institutional accreditation) and short-term (PSAA) partnerships.</p> <p>PSAA is a complementary approach to institutional accreditation that allows GCF to target specific projects/programmes. PSAA focuses on assessing whether the entity can undertake the proposed project/programme in line with the standards for GCF accreditation. In</p>	Medium	<p>The PSAA is a pilot which aims to broaden access to GCF resources by working with countries, entities and sectors that have struggled to access the GCF so far and may continue to do so in the future. Board decision B.31/06, paragraph (h) requested the Secretariat and iTAP to prioritize, <i>inter alia</i>, entities responding to requests for proposals issued by the GCF, particularly EDA, MSME and MFS.</p> <p>The PSAA's main aims are articulated in section V of the updated Accreditation Framework, adopted by decision B.31/06, which comes into effect on 1 April 2023.</p> <p>Beyond being a complement to institutional accreditation, the purposes of PSAA are less clear in the accreditation strategy adopted by the Board. The coherence of PSAA with noted objectives of accreditation (capacity building, alignment of AE's own portfolio etc) is not yet addressed.</p>

#	Recommendation	Management response	Rating	IEU comment
		<p>doing so, PSAA aims to provide a more fit-for-purpose approach compared with institutional accreditation in relation to the intended projects/programmes.</p>		
4(b)	<p><b>Recommended actions for the Board:</b></p> <p><b>The design and implementation of PSAA should consider lessons from other funds and be cautious about possible risks that PSAA may introduce.</b> A pilot phase that explicitly incorporates an independent evaluation at the end will help the Fund to learn and prevent possible pitfalls, going forward.</p>	<p>This recommendation is for consideration by the GCF Board.</p> <p>It may be noted that the updated accreditation framework includes a review of the pilot framework for PSAA three years after its operationalization.</p>	Substantial	<p>As the Secretariat indicated, section VII of the Accreditation Framework outlines the pilot framework for PSAA. The Accreditation Framework of the GCF was updated with decision B.31/06 and is effective from April 2023. The general objective of the pilot framework is to “enable a coherent integration of the GCF fiduciary principles and standards, ESS policies and standards, and the Updated Gender Policy with the PSAA as an accreditation approach, and the pilot framework’s related operational systems and procedures, including the organizational structure and governance system dedicated to supporting it” (paragraph 88).</p> <p>The coherence of PSAA with noted objectives of accreditation (capacity building, alignment of AE’s own portfolio etc) is not yet addressed.</p> <p>A review of the PSAA’s pilot framework will take place after the initial three years of operationalization, according to paragraph 125. The Secretariat will provide annual reports to the Board on the operationalization and implementation of the PSAA and</p>

#	Recommendation	Management response	Rating	IEU comment
				may build its monitoring and report reviewing capacity (paragraphs 123-124).
4(c)	<p><b>Recommended actions for the GCF Secretariat:</b></p> <p><b>Overall, the focus of the AEs' reporting should be on alignment, and mitigation and adaptation results that they have planned and achieved.</b></p> <p>Currently self-assessment and mid-term reports are checklist exercises indicating whether there have been material changes in their underlying policies that may affect accreditation. These reports should be expanded to include reports on AE climate portfolios (non-GCF/GCF) and progress on mitigation and adaptation results across the AE portfolio.</p>	<p><b>Agree.</b></p> <p>The Secretariat agrees that AE reporting should focus on alignment and results. Our understanding is that this will be achieved through the annual reporting processes, as provided within AMA agreements. The GCF adopted its Monitoring and Accountability Framework (decision B.11/10) and the re-accreditation process (decision B.24/13), both of which identify monitoring and reporting requirements of AEs at both the institutional and project levels. The scope of the annual self-assessment and mid-term reviews are related to institutional capacities of AEs, and thus focus on the AEs' ability to continue to comply with GCF fiduciary, environmental, social and gender policies and standards. In line with the 'light-touch' approach as adopted by the Board in the MAF, the self-assessment, which relies upon the AE to self-assess, and the mid-term review are based on institutional changes since the latest reporting period. The re-</p>	Low	<p>The Updated Accreditation Framework, paragraph 64, refers to the Monitoring and Accountability Framework's requirements at both institutional and project or programme levels. At the institutional level, the AE must annually provide self-assessments and evidence their alignment with GCF accreditation standards. The GCF is responsible for midterm accreditation reviews. The Updated Accreditation Framework also notes that reaccreditation considers activity beyond GCF programming and financing.</p> <p>According to the MAF, Section 1.2 delineates reporting requirements during project or programme implementation. Section V lists potentially useful online tools for AEs to support their monitoring and reporting requirements and evaluation reports for each entity's funded activities in line with GCF investment criteria and ongoing implementation activities. However, the MAF repeatedly only points to required reporting for project and programme-specific progress (paragraphs 2(a), 14, 32 and 36; sections 1.1 and 1.2). The MAF mentions institutional reporting only once and briefly (paragraph 36).</p> <p>MAF and UAF's require AEs' to report annually on their APRs, their self-assessments of project-specific compliance with GCF standards, ESS and gender policy</p>

#	Recommendation	Management response	Rating	IEU comment
		<p>accreditation process also already includes the assessment of AEs' overall portfolio, beyond the activities funded by GCF.</p> <p>As the portfolio matures the Secretariat is implementing systems to facilitate the tracking and reporting on performance of the GCF portfolio including by AE amongst others parameters. This will allow performance to be taken into account during reaccreditation and negate the need to increase the reporting burden on AEs in this regard.</p>		<p>(s 1.1), and IAE activity regarding support for DAE capacity building. The Secretariat's annual reporting relates to risks and financing.</p> <p>Board decisions on re-accreditation consider the Secretariat and AP's assessments. These address the AE's overall portfolio activity beyond GCF financing during the accreditation period (see the Updated Accreditation Framework, paragraph 14).</p> <p>As stated in the IEU's response, the Secretariat reiterated that Accreditation framework updates adopted in decision B.31/06 include (i) updates aimed to streamline the accreditation process and (ii) updates to reflect relevant and linked GCF policies and decisions. The latter refers to policies and decisions implemented after adopting the initial guiding framework for the GCF's accreditation process (decision B.07/02). This includes, for example, the USP 2020–2023, the MAF (decision B.11/10) and the re-accreditation process (decision B.24/13).</p>
4(d)	<p><b>Recommended actions for the GCF Secretariat:</b></p> <p><b>If the GCF is keen to increase its overall allocation to DAEs in the updated strategy of the GCF for 2020-23 (i.e. GCF-1), focus must be explicitly</b></p>	<p><b>Agree.</b></p> <p>The Secretariat notes that the draft Updated Strategic Plan for the GCF as contained in document GCF/B.25/09 reflects an ambition to both increase the share of DAEs above the current level, as well as strengthen the role of DAEs in programming and raise the</p>	Medium	<p>As adopted by decision B.27/17, the strategic objectives of the Updated Strategic Plan for 2020-2023 aim to “significantly increase funding channeled through DAEs relative to the IRM” (paragraph 13(d)). The IRM baseline as of November 2020 was 21 per cent of approved projects. To support the strategic priority of strengthening country ownership of programming, the RPSP offered capacity building for NDAs and DAEs</p>

#	Recommendation	Management response	Rating	IEU comment
	<p><b>paid to increasing the role of DAEs.</b> Currently although 56 national/regional entities have been accredited, only 18 DAEs have FPs with the GCF. Some steps to increase the funding portfolio of DAEs may include recruiting additional DAEs, providing post-accreditation support, increasing capacities, increasing the scope of DAEs, prioritizing in the FP pipeline, among others. It is essential to set a realistic target supported by an implementable plan.</p>	<p>share of funding channeled through DAEs relative to the IRM.</p> <p>See response to 3 (c) on support available and being expanded to increasing the capacity of DAEs to develop and submit proposals to the GCF.</p>		<p>based on their country's request (paragraph 17(b)). Institutional development for national and regional DAEs' capabilities for programming and implementation would be upgraded throughout the project cycle. Upgrading initiatives included providing experts who could offer technical support throughout project cycles, promote stronger capacity building collaboration between IAEs and DAEs, encourage peer-to-peer learning among DAEs and increase locally-led climate action and devolved financing approaches through DAEs (paragraph 17(c)).</p> <p>An objective of strengthening institutional capacity through the 2022-2023 RPSP Work Programme presented in document GCF/B.33/07 strives to provide "DAE readiness for GCF programming through support for meeting (GCF standards)" (section I, paragraph 10(b)). The work plan also states that technical assistance and capacity building through a roster of consultants specifically for DAEs and NDAs is available upon request from an NDA or focal point.</p> <p>The Secretariat highlighted how in annex I to document GCF/B.29/Inf.07, the Secretariat assessed challenges faced by DAEs and presented a DAE Action Plan. The Secretariat stated that the DAE Action Plan seeks to address challenges across the entire cycle of DAE-GCF engagement, from the accreditation process to project development and implementation. The Secretariat said the DAE Action Plan will (i) diversify the range of DAEs</p>

#	Recommendation	Management response	Rating	IEU comment
				<p>and advise countries on strategically nominating DAEs; (ii) improve guidance and support for project development aligned with country priorities and the USP, and (iii) strengthen support for DAE capacity-building, including in the context of national planning efforts.</p> <p>Additionally, the Secretariat also repeated that DAEs can already access the RPSP for both pre- and post-accreditation support to meet or continue to meet the GCF accreditation standards (and that challenges have been found in RPSP requests).</p>

### Abbreviations

<b>AE</b>	Accredited Entity	<b>M&amp;E</b>	Monitoring and Evaluation
<b>AMA</b>	Accreditation Master Agreement	<b>MAF</b>	Monitoring and Accountability Framework
<b>AP</b>	Accreditation Panel	<b>MAR</b>	Management Action Report
<b>DAE</b>	Direct Access Entity	<b>NDA</b>	National Designated Authority
<b>DAP</b>	Digital Accreditation Platform	<b>OAS</b>	Online Accreditation System
<b>E&amp;S</b>	Environmental and Social	<b>PPF</b>	Project Preparation Facility
<b>FAA</b>	Funded activity agreement	<b>PPMS</b>	Portfolio Performance Management System
<b>FP</b>	Funding Proposal	<b>PSAA</b>	Project-specific assessment approach
<b>GHG</b>	Greenhouse Gas	<b>RPSP</b>	Readiness and Preparatory Support Programme
<b>IAE</b>	International Accredited Entity	<b>UAF</b>	Updated Accreditation Framework
<b>IRM</b>	Initial Resource Mobilization	<b>USP</b>	Updated Strategic Plan
<b>IRMF</b>	Integrated Results Management Framework		

## Annex 11: Summary of 2022 LORTA Synthesis Report

1. In 2018, the Independent Evaluation Unit (IEU) of the Green Climate Fund (GCF) initiated the multi-year Learning-Oriented Real-Time Impact Assessment (LORTA) programme to advise and assist GCF project teams on designing and implementing rigorous evaluations to measure the impact of GCF investments. Four years after its inception, the LORTA programme expanded to include 24 GCF projects in its portfolio and saw the completion of one impact evaluation of a GCF project in Malawi.

2. The LORTA evaluation cycle is synchronized with GCF funded activities, and this means that any implementation challenges that the project teams experienced would affect the work of the LORTA team as well. These delays include delays in field activities, procurement delays, challenges with stakeholder engagement, and lack of capacity, which are also highlighted in other GCF documents such as the annual portfolio performance report 2021 (GCF/B.34/Inf.11/Rev.01).

3. Similar to 2020 and 2021, travel opportunities were still limited in 2022. Although most of the technical support and activities were offered through the virtual platforms, the LORTA team gradually resumed its in-person country visits and organized an in-person workshop in the second half of 2022. Some lessons from the engagement with the AEs in 2022 include the following:

- (a) In-person interaction is a must for some of the LORTA activities
  - (i) LORTA enables long-term engagement with implementing partners from the inception to the closure of a GCF project to assess its impacts. Political transitions, change of government and staff, and replacement of staff within implementation partners are frequent in the project cycle. Every time there is a change of focal point, it requires new engagement and buy-in from the stakeholders. Further, it is necessary for the LORTA team to explain the background and objectives of LORTA again for the new focal point.
  - (ii) Country missions and face-to-face interactions were effective in re-building relationships with key stakeholders and especially obtaining buy-in from relevant government agencies to conduct impact assessments, which was not successful through rounds of virtual meetings in the period of COVID related travel restrictions.
  - (iii) After more than two years of virtual engagement, we held an in-person workshop in Addis Ababa in December 2022 by bringing nine projects (Bangladesh, Belize, Georgia, Madagascar, Mexico, Paraguay, Philippines, Rwanda, and Uganda). It was a data collection and analysis capacity development workshop covering the development of a high-quality survey instrument, data collection in the field, data cleaning and analysis. The participants gave positive feedback and noted that they found the sharing of knowledge and experience useful. The participants could actively share information and project related insights through the workshop sessions and also through informal conversations over breakfast, dinner and coffee breaks.
  - (iv) LORTA is a programme, but at the same time, it is a network and community of practice to foster a culture of impact evaluation among climate project practitioners and to generate evidence out of the GCF funded projects. A lack of opportunities for knowledge sharing and dissemination was identified as a challenge in one of the GCF Board documents. LORTA not only provides relevant technical assistance but also offers a platform for development partners to share

their experiences and learnings. The virtual platforms have proven to be effective for some activities such as webinars and knowledge dissemination; however, to enable rigorous engagement and in-depth discussions, in-person interaction is found to be much more effective. Therefore, the LORTA team takes a hybrid approach and offers both virtual and in-person support for the onboarded GCF projects to maximize impact.

- (b) Timely mid-course correction or restructuring is key to effective project implementation and impact assessment
- (i) Many GCF funded projects undergo major restructuring or minor project change. In the wake of the COVID-19 pandemic, it is true that most projects experienced some implementation delays, and it may require a potential extension of projects to achieve the original targets and objectives. The Annual Progress Reports (APRs) serve as a key risk and result management tool to capture these implementation delays and challenges from the ground. However, its operationalization is still half-way through with some concerns around their quality and timeliness in submission. And LORTA, through its data collection efforts and more direct and timely interaction with AEs, is filling this gap. For example, at each project level, if real-time implementation tracking reveals that there would not be enough eligible beneficiaries in the project area, the team needs to come up with a solution or alternative approaches to reflect the reality on the ground. The real-time implementation support by the LORTA team informed the project teams of potential shortfalls relating to eligible beneficiaries due to the strict eligibility criteria of the project.
  - (ii) It is important to make the necessary changes throughout the project cycle to achieve project objectives. Needless to say, restructuring or changes to the project design require valid justification. LORTA's real-time implementation tracking provides robust evidence to help guide the project teams in this process.
  - (iii) Also, the GCF Secretariat is far from the project sites, physically and administratively. There are many layers of actors between the Secretariat and actual project beneficiaries. This is especially true for IAEs – local offices in the country, regional offices, the HQs of these entities, and GCF HQs, for example.
  - (iv) Some delays in the implementation stage are found to be associated with delays in getting the projects approved and a lack of timely feedback provided and clear communication between the GCF Secretariat and the project teams and implementing entities. A study by the World Bank finds that investment level implementation risk is lower for development projects with impact evaluation.<sup>38</sup> It is too early to conclude the same for the LORTA supported GCF projects. Nevertheless, with the growing number and maturity of the LORTA portfolio, a similar analysis can be made for LORTA and the GCF investments if real-time impact assessment has a significant impact on implementation risks through timeliness of delivery as well as reduced the gap between the original plan and actual disbursement over the implementation cycle.
- (c) Early engagement with new projects has some advantages but some drawbacks as well

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<sup>38</sup> Legovini, Arianna; Di Maro, Vincenzo; Piza, Caio. 2015. Impact Evaluation Helps Deliver Development Projects. Policy Research Working Paper; No. 7157.

- (i) Every year, LORTA hosts an Impact Evaluation Design Workshop for GCF funded projects. In the past, a group of selected GCF projects was invited to this design workshop. In 2022, the LORTA team extended the invitation to a few projects in their pre-approval stage (e.g. Concept Note stage) to start early engagement with the project teams concerned for better planning and project development.
- (ii) The early LORTA engagement helped the AEs to improve their FPs. The Impact Evaluation Design Workshop by LORTA covers topics such as Theory of Change (ToC) and indicators, budget, ethics and evaluation standards, as well as evaluation methods and why and how we design and implement impact evaluations.
- (iii) Some sessions of the Impact Evaluation Design Workshop by LORTA are particularly useful for the project teams for developing and refining their FPs. For example, the LORTA team reviewed the ToC and log frame carefully and identified gaps in the logic, assessed their data types, indicators, and targets to reflect the realities and evaluability. This exercise contributed to improving the quality of FPs at entry.
- (iv) The early LORTA engagement was also successful in managing the expectations of AEs by clarifying roles and responsibilities. Experience suggests that early engagement helps AEs to prepare better funding proposals and do proper budget planning for conducting rigorous evaluations; however, the general time lag between engagement and effectiveness/implementation of projects remains a challenge. Our data show that it takes 18 months on average from the projects' onboarding into the LORTA programme to agreeing on the evaluation design for the Board approved projects. For the pre-approval stage projects, it would add another 6-12 months.
- (v) Closer collaboration with the GCF Secretariat could be helpful especially when it comes to selecting which projects to invite to LORTA's Impact Evaluation Design Workshop for capacity building.

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## Annex 12: Summary of 2022 Evidence Reviews

1. The IEU's evidence reviews are a systematic and rigorous collation, assessment and presentation of evidence regarding the effectiveness of interventions that are relevant to the policies and practices of the Green Climate Fund and any co-funding agencies.
2. The IEU's evidence reviews for 2022 focus on two types of project interventions in the fields of development and environment. First, those that seek to promote women's empowerment in developing countries. In addition to the intrinsic moral value of gender equality, empowering girls and women can result in better climate and development outcomes as a society where men and women are equal, can better adapt to climate change's adversities and shocks, and better manage natural resources and energy consumption.
3. The second evidence review conducted in 2022 is on behavioural science interventions in developing countries. Human behaviour is a key driver of climate change, and behavioural science interventions offer promising opportunities to promote positive environmental/climate and development outcomes. Yet rigorous empirical guidance is lacking in terms of how to change behaviour most effectively to support adaptation and emissions reductions in developing countries.
4. Each evidence review for 2022 was composed of two stages. First, each review presents the landscape of evidence through an evidence and gap map. This allows practitioners to improve project design by seeing where the evidence base is richest and learning from these studies. It also highlights evidence gaps where more knowledge is needed. Each evidence and gap map plots a variety of interventions across a range of outcome areas.
5. Second, each evidence review for 2022 completed a systematic review of specific identical interventions where there is sufficient evidence to aggregate studies (increasing the sample size and thereby reducing confidence intervals). This meta-analysis estimates average effects sizes across contexts. If the meta-analysis shows a positive effect on outcomes, practitioners can integrate the specific intervention within project designs to improve impacts.
6. Here are the main findings from the 2022 evidence review on women's empowerment. The evidence and gap map on women's empowerment contains 423 studies. Most of the evidence is from studies conducted in sub-Saharan Africa and south Asia. There is a large amount of evidence on economic interventions and capacity-building interventions, including a high number of impact evaluations and systematic reviews. There is a dearth of evidence on policy and institutional interventions. In terms of outcomes, political empowerment outcomes are far less populated than other categories. There is very little evidence on women's representation in political bodies, digital access and access to justice. The resulting evidence gap map is presented in Figure 1 below.

**Figure 1: Evidence and gap map of the studies on effectiveness of interventions for women empowerment in developing countries<sup>39</sup>**

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<sup>39</sup> Available at <https://ieu.greenclimate.fund/sites/default/files/page/gcf-egm-gender-map-423.html>



7. The systematic review on women’s empowerment focused solely on programmes that provide training to enhance life skills, which are defined as the abilities for adaptive and positive behaviour that enable individuals to deal effectively with the demands and challenges of everyday life. Acquiring such skills may enable women to better engage socially, directly increasing self- and social empowerment and possibly contributing to economic and political empowerment. The systematic review only included experimental and non-experimental studies with a comparison group (so that effect sizes could be aggregated).

8. Overall, the systematic review found that life skills positively affect a range of self, social and economic empowerment outcomes. Small but significant positive changes were detected for a range of outcome areas including leadership, attitudes to gender issues, sexual and reproductive health and rights, employment and life skills themselves. There is some indication that multi-component approaches may be more effective. Life skills training can be seen as a mildly promising approach with potential for supporting women's empowerment. Including life skills interventions within components of Green Climate Fund project interventions can contribute to transforming women’s lives, livelihoods and societal roles.

9. The main findings from the evidence review on behavioural science interventions in developing countries are as follows. The evidence and gap map on behavioural science interventions contains 84 studies. The EGM reveals the most commonly evaluated interventions are reminders, feedback, micro-incentives, salience of communication, commitment devices, salience of experience design (how individuals interact with their physical or digital environment), goal setting, rules of thumb, social norms and social benchmarking. Most studies are from sub-Saharan Africa and east Asia and the Pacific. A majority of studies are from the water, sanitation and hygiene (WASH) sector, the financial sector, the energy and extractives sector and the agricultural sector. In terms of outcomes, studies report on adaptation outcomes much more frequently than on mitigation. In addition, studies report on short-term uptake and use much more frequently than on longer-term results and impacts. Figure 2 shows a part of the resulting evidence gap map.

**Figure 2: Behavioural science interventions within the human development and environmental fields in developing countries – An evidence gap map<sup>40</sup>**

<sup>40</sup> Available at <https://ieu.greenclimate.fund/sites/default/files/page/03-05-2022-behavioural-science-interventions-within-human-development-and-environmental-fields.html>



10. The systematic review on behavioural science interventions focused solely on the effects of feedback, reminders and goal-setting interventions. The most effective intervention types according to this analysis are feedback and reminders, particularly in relation to the outcomes of electricity and water consumption. The review found no significant effects from goal-setting interventions. Overall, the meta-analysis provides cautious evidence that interventions that deploy feedback and reminders are an effective behavioural approach to outcomes in developing countries. As such, feedback and reminders as tools for influencing behaviour deserve particular consideration by the Green Climate Fund.

## Annex 13: Synthesis note on the Green Climate Fund's Readiness and Preparatory Support Programme

### I. Summary

11. The Green Climate Fund's Readiness and Preparatory Support programme is relevant to global priorities and country needs, but it requires more strategic clarity vis-à-vis GCF programming. The GCF's RPSP portfolio has evolved over time, reflecting shifting country priorities. The impact of RPSP on the capacity of the Direct Access Entities (DAEs) to get accredited is observed prominently. However, capacity building has not led to higher programming through DAEs so far. To that end, pipeline development has been a recent focus area of the RPSP activities. RPSP's effectiveness in supporting adaptation planning at a national level has been low due to the high institutional capacity threshold required for such support. Knowledge management and learning have been one of the objectives where higher success has been observed. However, RPSP remains hard and long to access in relation to the amount of funding in each Readiness grant. Vulnerable countries find it hard to access RPSP, and this is on account of lack of institutional capacities at all levels (DAEs, NDAs, GCF).

12. Delivery partners serve as the conduits to deliver RPSP-related activities financed through GCF readiness grants, but they don't always possess the necessary alignment with country needs or capacity to deliver on committed activities in RPSP proposals. This is especially true in the case of vulnerable countries. As pertains to the private sector, RPSP has yet to create an enabling environment for crowding in investments in the private sector.

### II. Background

13. **Purpose.** The IEU will be undertaking an Independent Evaluation of the GCF's Readiness and Preparatory Support Programme in 2023 to offer a timely evaluation of RPSP including the effectiveness and efficiency of its operational processes, results and outcomes. Further, the IEU will assess the extent to which the RPSP is contributing to transformational and sustainable projects and programmes. The evaluation builds on the first IEU evaluation of RPSP that was completed in 2018. This synthesis document offers an overview of existing evaluative evidence on various dimensions of importance to RPSP based on the findings of previous IEU evaluations, including repeating selected findings from the first RPSP evaluation. It will provide preliminary lessons that can feed into the ongoing drafting of a new RPSP strategy. It will also serve as a basis for the 2023 IEU's evaluation of the RPSP, which aims to update the GCF Secretariat and the Board on the effectiveness and efficiency of the RPSP in developing countries. This synthesis note was agreed upon as one of the deliverables of the Independent Evaluation of the Readiness Preparatory Support Programme to be presented at B.35 (Green Climate Fund 2022f).

14. **Methodology.** The findings of this synthesis are gathered through a desk review of all evaluations done by the IEU and select GCF strategies and policies released/approved in the GCF-1 period. Each evaluation report was referred to for findings and conclusions specific to RPSP. These findings were then classified by the themes and evaluation criteria to which they might pertain. The criteria used for the Synthesis are relevance, effectiveness, efficiency, private sector, RPSP business model, delivery partners, and RPSP in vulnerable countries. In addition, the policies and strategies introduced from 2019 onwards have been reviewed to gather up-to-date guidance specific to RPSP.

15. **RPSP at glance.** GCF's initial readiness programme (henceforth referred to as RPSP 1.0) was for the period of 2015-2018, while RPSP 2.0 under the revised RPSP strategy has been operational for the period of 2019-2021 (extended to 2022-2023 by decision B.33/04 (b)). The GCF's revised RPSP strategy (RPSP 2.0 programme) has five objectives that cover:

- (i) **Capacity building:** Under capacity building, the RPSP supports country NDAs or focal points in NDAs and country systems to enable them to fulfil their roles and responsibilities and to ensure that policy requirements are operational and effective. In addition, this objective supports direct access applicants and accredited entities (DAEs) to enhance their capacity to meet and maintain the GCF's accreditation standards, and strengthens the capacity of DAEs to develop a pipeline of projects and effectively implement GCF-funded activities.
- (ii) **Strategic frameworks:** Under strategic frameworks, RPSP supports GCF recipient countries develop country programmes; develops or enhances strategic frameworks to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming; supports the preparation of entity work programmes; and supports the development of strategies for transforming and attracting private sector investment for low emissions and resilience.
- (iii) **National adaptation plans and adaptation planning processes:** RPSP supports NDA to play a convening role to help govern adaptation planning and strengthen institutional coordination. This objective supports the development of evidence to help design adaptation solutions for maximum impact, including the facilitation of private-sector engagement. Overall, the objective aims to increase the flow of adaptation finance.
- (iv) **Pipeline development:** RPSP contributes to an increase in the number of quality project concept notes and funding proposals developed and submitted, especially from DAEs, with a focus on the SIDS, LDCs and African States.
- (v) **Knowledge sharing and learning:** This objective is cross-cutting across the four objectives mentioned above and aims to ensure that best practices with respect to institutional capacity building, direct access, and pipeline development are adopted and disseminated to strengthen engagement by NDAs, DAEs, and delivery partners with the GCF.

16. GCF's RPSP has seen an increase in resource allocation and approvals between the Initial Resource Mobilization (IRM) period of GCF and the GCF-1 period. As of the conclusion of B.34,<sup>41</sup> the GCF had a total of 631 RPSP grants approved.

**Table 3: RPSP programming during RPSP 1.0 and RPSP 2.0**

Replenishment period	Year	Number of grants	The volume of finance (in millions of USD)
RPSP 1.0	2015	31	5.87
	2016	33	11.57
	2017	87	33.35
	2018	90	83.61
	<b>Sub-total</b>	<b>241</b>	<b>134.4</b>
RPSP 2.0	2019	134	98.38
	2020	85	74.98

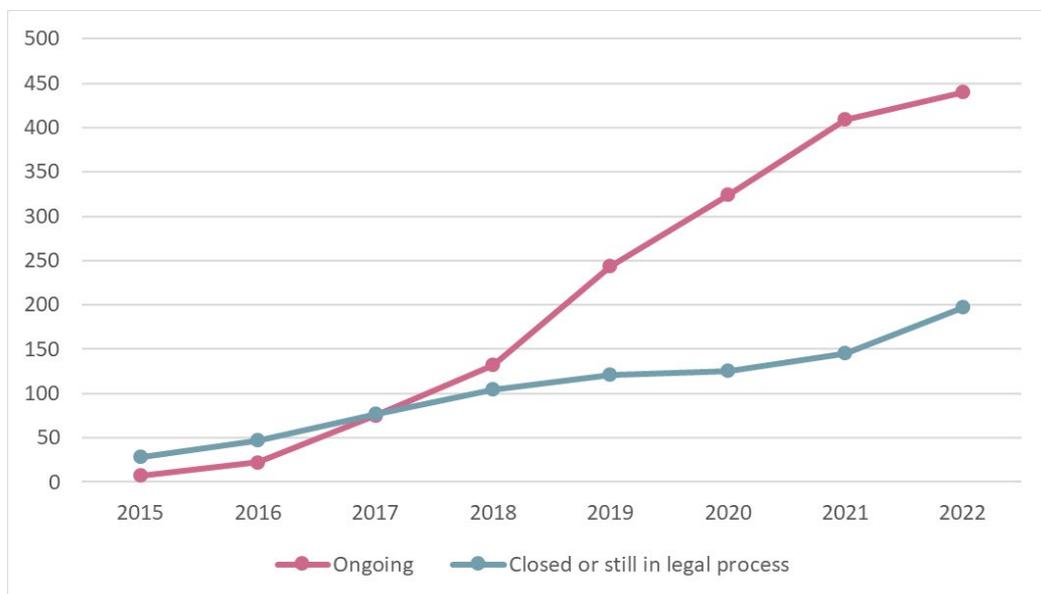
<sup>41</sup> IEU's databases are updated as of every Board session.

	2021	105	87.11
	2022	66	56.71
	<b>Sub-total</b>	<b>390</b>	<b>317.18</b>
<b>Total</b>		<b>631</b>	<b>451.58</b>

Source: GCF iPMS and FLUXX dataset, as of 31 October 2022. Analysis by IEU DataLab.

17. As can be seen from Table 1, the funding for grants in RPSP 2.0 is expected to be more than double that of RPSP 1.0. Over the years, the number of grants under active management has increased drastically (Figure 1). As of B.34, nearly 450 grants are under different stages of implementation. The RPSP grants approved differ by year within RPSP 1.0 and RPSP 2.0 periods. Over RPSP 1.0, the programme has seen a steady increase in approvals. So far, the maximum value and volume of RPSP grants were approved in 2019.

**Figure 3: Number of cumulative grants, by status<sup>42</sup>**



Source: GCF iPMS and FLUXX dataset, as of October 31, 2022. Analysis by IEU DataLab.

Note: The 'ongoing' cluster includes all grants that have an effective legal agreement and have received at least first disbursement, whereas 'closed or still under legal process' cluster consists of all newly approved grants yet to secure legal effectiveness as well as the completed grants.

### III. Section 1: Relevance and internal coherence

18. **RPSP is relevant to global priorities and country needs but it requires more strategic clarity vis-à-vis GCF programming.** The RPSP design and activities are well aligned with the objectives of the United Nations Framework Convention on Climate Change (UNFCCC), the GCF, the Sustainable Development Goals (SDGs), and the Paris Agreement. GCF's RPSP is also found to be highly relevant to countries' needs and has seen good demand from a wide

<sup>42</sup> Being "still in legal process" refers to grants which are in the process following the approval of the grant where the GCF Secretariat and delivery partners have to sign a grant agreement with the grant recipient, which includes and incorporates the standard conditions.

range of developing countries (Independent Evaluation Unit 2018; 2019b). Before the introduction of RPSP 2.0, evaluations identified the need for further clarifying and refining the overall vision and purpose for RPSP support and for directing the resources more efficiently to achieve GCF goals (Independent Evaluation Unit 2018).

19. **RPSP's linkage to GCF's private sector operations is weak.** RPSP is appropriately focusing on the 'software' that helps strengthen climate action such as institutional processes and building of human resource capacity. However, RPSP has yet to contribute much to putting in place domestic policies and institutional frameworks that improve the enabling environment and incentives for the private sector (including households) to invest in low-emission and climate-resilient development pathways (Independent Evaluation Unit 2018). This is due to the limited structural linkage between RPSP and GCF's private sector operations. Of the 14 outcomes mentioned in the RPSP strategy, only three are relevant to the private sector.<sup>43</sup> Institutionally, there are limited incentives and linkages to address these outcomes through an integrated approach that addresses capacity support or project development. There are limited inputs or oversight from the GCF's Private Sector Facility into the RPSP (Independent Evaluation Unit 2021c).

20. **The GCF's RPSP portfolio has evolved over time, reflecting shifting country priorities.** It has been noted that grant requests are shifting away from awareness building and mobilization of in-country stakeholders to pipeline development and DAE support aimed at strengthening technical capacity for designing investments and enabling accreditation. Previous IEU evaluations have also highlighted a similar trend in that more recent grant requests are moving away from developing initial NDA capacities towards developing regional investment prioritization tools, sectoral plans and concept notes (Independent Evaluation Unit 2020c; forthcoming a).

21. **RPSP needs to be better integrated into the accreditation process, which can help increase the relevance of support to the entities and countries.** Such integration will ensure that more GCF-ready entities will get accredited and help achieve greater participation and disbursement of GCF investments through DAEs (Independent Evaluation Unit 2019a). RPSP activities also lack coherence and linkage with other activities within the Secretariat, such as the DAE action plan which seeks to address challenges across the entire DAE engagement cycle from accreditation to project development and implementation (Independent Evaluation Unit 2022b; forthcoming b).

#### IV. Section 2: Effectiveness

22. The results of RPSP from countries will be one of the focal areas of the independent evaluation of RPSP in 2023. The previous RPSP programme and the current RPSP strategy (2019-2021) have objectives which have similarities as elaborated in Table 2 (Green Climate Fund 2019). Thus, the objectives of RPSP 1.0 and RPSP 2.0 will be looked at, in a continuum, by the independent evaluation. Effectiveness will be assessed along the lines of outcome areas under each of these objectives.

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<sup>43</sup> Outcome 1.3: Relevant country stakeholders (which may include executing entities, civil society organizations and private sector) have established adequate capacity, systems and networks to support the planning, programming and implementation of GCF-funded activities; Outcome 2.4: Strategic for transforming and attracting private sector investment for low emissions and resilience developed and being used; Outcome 3.3: Private sector engagement in adaptation catalyzed.

**Table 4: Similarities between objectives of the Initial RPSP and RPSP strategy (2019-2021)**

Initial Readiness and Preparatory Support Programme	Readiness and Preparatory Support programme strategy 2019-2021
NDA capacity for engagement with GCF	Capacity building for climate finance coordination
Direct access to climate finance	
Country programming process	Strategic frameworks for low-emission investment
Formulation of national adaptation plans and/or other adaptation planning processes	Strengthened adaptation planning
Climate finance accessed	Paradigm-shifting pipeline development
	Knowledge sharing

23. For this synthesis, the findings and lessons from previous evaluations on the objectives of the RPSP strategy (2019-2021) are captured.

### Objective 1 - Capacity building.

24. **The effectiveness of capacity building through RPSP is adversely affected by numerous factors outside the immediate remit of the RPSP.** RPSP has been beneficial for NDAs and focal points to build their capacity. However, RPSP is not the only source of RPSP support, and many countries have also benefited from support to establish an NDA/focal point through other sources of climate finance readiness funding. Capacity-building efforts of RPSP are hindered by certain in-country factors such as high staff turnover in NDAs. This is further exacerbated by the fact that RPSP has provided short-term consultancy support, which has not ensured the retention of core staff that could support the NDAs/focal points long-term. The lack of transparency in AE reporting during project implementation (i.e., through APRs) also limits NDAs/focal points' ability to monitor their countries' GCF portfolios (Independent Evaluation Unit 2019b). The usage of RPSP has also been limited for helping to strengthen NDA/focal points; supporting planning, programming and investment design; and creating enabling conditions and a policy environment for the private sector (Independent Evaluation Unit 2021c).

25. **The impact of RPSP on the accreditation of DAEs is observed prominently, but it has yet to enable higher programming through DAEs.** In the first phase of RPSP, it was not very effective in building the capacity of prospective DAEs to promote accreditation, relative to other support areas (Independent Evaluation Unit 2019b). More recently, many DAEs have managed to secure accreditation, but challenges around the requisite capacity to prepare funding proposals remain (Independent Evaluation Unit 2021c; forthcoming b). Further capacity development is required for DAEs to enhance their ability to propose concept notes for the GCF (Independent Evaluation Unit 2020b). The effectiveness of RPSP for DAE institutional capacity-building and improvements in the quality of FPs have not been systematically monitored and evaluated (Independent Evaluation Unit 2022b). Post-accreditation support is critical, and the RPSP needs to be reinforced to support DAEs in the preparation of FPs (Independent Evaluation Unit 2020b). In addition, more clarity is needed in terms of differentiation between RPSP and PPF and their respective roles in supporting the preparation of FPs (Independent Evaluation Unit forthcoming a).

26. **There was no systematic framework for measuring results on capacity building until recently.** There are results and outcomes such as the countries' environment and social safeguards (ESS) to which RPSP has contributed significantly. However, there had not been any frameworks for monitoring and measuring RPSP results and reporting on the strengthening of AE capacities regarding the ESS and gender policies, standards and institutional mechanisms (Independent Evaluation Unit 2020a). With the approval and adoption of the Readiness Results Management Framework (RRMF) in February 2022, this aspect is likely to improve but the impact of RRMF use needs to be assessed fully at a later stage (Independent Evaluation Unit 2022b).

### Objective 2 - Strategic frameworks.

27. **RPSP support for strategic frameworks has yet to bear significant results.** In the past, the deliverables under this outcome such as country programmes have not been systematically collected nor shared. On the one hand, RPSP supports strategic frameworks (i.e., country programming). On the other hand, country programmes need to elaborate on what kind of Readiness support they require. However, country programmes have been inconsistent in describing the kind of readiness support needed at the country level, thus hindering the ability to strategically use RPSP. As such, country programmes have not yet adequately delivered on their aims, although significant RPSP resources have been committed to country programme development. The purpose of country programmes has not been well articulated. The result is that in many countries, the CP was viewed as merely a GCF administrative requirement, rather than as a real contribution to country planning (Independent Evaluation Unit 2019b).

### Objective 3 - Adaptation planning.

28. **Adaptation planning requires a high level of capacity which is not always readily available at the country level.** RPSP for adaptation planning has several predefined outcomes as per the readiness proposal template, including the establishment of integrated adaptation planning and monitoring systems.<sup>44</sup> However, it is found that approved proposals show a more diversified range of outcomes, beyond the strategy's description. Perceived hurdles in accessing RPSP support for adaptation planning include difficulties in fulfilling the requirements for developing proposals, the capacity of NDAs and delivery partners and lack of matchmaking with adequate delivery partners in the country and region. It is also relatively early to understand the impacts of the RPSP grants on adaptation planning. RPSP support for adaptation started in 2016, and grants usually last for three years. Several grants have received no-cost extensions from the GCF. It has been challenging for the GCF to assess the quality of RPSP in adaptation planning as there was no outcome or impact measurement framework until recently. Further, the Readiness Results Management Framework (RRMF) was only introduced in February 2022 (Independent Evaluation Unit 2021a).<sup>45</sup>

### Objective 4 - Knowledge management and learning.

29. **RPSP has supported significant knowledge management initiatives at the regional and GCF level.** Some of the earlier evidence on RPSP's role in promoting knowledge management and learning suggests that the programme has supported broader global, regional

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<sup>44</sup> Four outcomes which are: Adaptation planning, governance and institutional coordination strengthened; Evidence basis produced to design adaptation solutions for maximum impact; Private sector engagement in adaptation catalyzed; Adaptation finance increased.

<sup>45</sup> This statement refers to the existing findings so far and the IEU Readiness Evaluation 2023 will take a closer look at the recent Readiness strategy as well as RRMF that was approved by the GCF Board in February 2022.

and thematic knowledge-sharing. Especially, RPSP is evolving from promoting initial awareness-raising about the GCF to mediating among the needs of countries, the AEs and the GCF Board. Such evolution has given rise to the introduction of structured dialogues which takes place at the regional and sub-regional level (Independent Evaluation Unit 2019b). Evaluations have found widespread appreciation of GCF structured dialogues by numerous partners (Independent Evaluation Unit forthcoming a). Under the previous RPSP strategy, of all outcome areas, RPSP was seen as most effective in facilitating information-sharing events through structured dialogues and other workshops, to enable country engagement with the GCF and sharing and learning from other countries' experiences (Independent Evaluation Unit 2018).

### **Objective 5 - Pipeline development.**

30. **RPSP has only recently pivoted towards pipeline development.** Pipeline development has been assuming increasing importance among RPSP outcomes. It has been noted that grant requests are shifting, and there are now more proposals seeking support for pipeline development and DAE support to strengthen technical capacity for designing investments and enabling accreditation. Previous IEU evaluations have also highlighted a similar trend in that more recent grant requests are moving away from developing initial NDA capacities towards developing regional investment prioritization tools, sectoral plans and CNs. However, this shift is more recent, and it will take time to see the results of this outcome (Independent Evaluation Unit forthcoming a). The previous evaluation of RPSP raised doubts as to whether overall RPSP support and project preparation funds were sufficient for transformative project pipeline development, particularly by DAEs, and to ensure innovation and scaling-up potential. RPSP support for country and entity work programmes was found to have a limited effect on the development of a robust GCF pipeline, especially in the SIDS (Independent Evaluation Unit 2020c). LDCs and SIDS still face challenges in planning for, accessing and delivering climate finance, including in the development of good quality funding proposals and becoming accredited with climate funds (Independent Evaluation Unit 2020c; 2022a). The increased prominence of pipeline development and the need to measure initial results under this outcome is also noted in the result areas highlighted under RRMF (Independent Evaluation Unit forthcoming a).

## **V. Section 3: Efficiency**

31. **Accessing RPSP funding is complex and cumbersome for a relatively small amount of money** (Independent Evaluation Unit 2020a; 2022a). Processing times for RPSP grant requests are lengthy and disproportionate to grant size and many delivery partners are surprised at the extensive documentation required and the extended delays in feedback (Independent Evaluation Unit forthcoming a). Given the difficulties entailed in applying for RPSP grants, vulnerable countries take longer in receiving RPSP grants than other countries (Independent Evaluation Unit forthcoming a). The complexity of procedures, templates, language and the review process are some of the factors affecting the efficiency of RPSP operations. The GCF Secretariat has made a series of revisions to the RPSP proposal template (Independent Evaluation Unit forthcoming a).

32. Simplification of the access to RPSP has been recommended in previous evaluations too (Independent Evaluation Unit 2021b). Some evaluations have also recommended a tighter integration between readiness for pre- and post-accreditation support with a single RPSP grant supporting pre- and post-accreditation capacity building, contingent upon accreditation being achieved. Such integration will provide seamless support to AEs and reduce the transaction costs of mobilizing readiness funding at different stages (Independent Evaluation Unit 2020c).

## VI. Section 4: RPSP business model and delivery partners

33. Delivery partners serve as the conduits to deliver readiness-related activities financed through RPSP grants. All AEs are eligible to access RPSP grants upon request from respective NDAs. Entities not accredited to GCF are also eligible to serve as delivery partners provided, they pass the Financial Management Capacity Assessment (FMCA). Typically, delivery partners are meant to be entities with sufficient capacity and presence in the countries where they are nominated to implement grants.

34. **Delivery partners don't always possess the necessary alignment with country needs or capacity to deliver on committed activities in readiness proposals.** RPSP depends on the delivery partners for applying for readiness grants and then delivering the respective activities and outputs. However, delivery partners often lack the capacity to undertake readiness-related activities in a robust manner (Independent Evaluation Unit 2020c; 2021a). Even where they have the capacity to undertake, they are found to undertake the types of support that they are capable of or interested in providing and the linkages to urgent country needs are uneven. Thus, the interest of delivery partners and the interests of countries may not align (Independent Evaluation Unit forthcoming a). In contexts such as the SIDS, the simultaneous role of regional DAEs as delivery partners can represent responsibilities beyond their existing capacities. An RPSP grant to build regional DAE capacity also represents yet another financial instrument that must be administered by the DAE (e.g. audited financial statements, reporting), if serving as the delivery partner. Such contexts merit an expanded pool of delivery partners with more focused capacity building, tailored to the delivery partner (Independent Evaluation Unit 2020c).

35. **Delivery partners do not always possess the capacity to sustainably deliver activities under RPSP.** Accessing RPSP grants entails a heavy investment of capacity by delivery partners and AEs (Independent Evaluation Unit 2020c; 2022a). Even in cases where the delivery partners are appropriately resourced, they are unable to pass on the capacity building to countries to sustain the intended outcomes (Independent Evaluation Unit 2020c; 2022a). The typical RPSP delivery partner model of training workshops does not build sustainable or sufficient capacity for developing concept notes. Countries, especially the SIDS, often require not only technical assistance but also support to address their human capacity constraints. In such cases, countries require an accompaniment approach where a longer-term handholding of institutions is required (Independent Evaluation Unit 2020c).

36. **The profile of delivery partners is changing.** Historically, IAEs have accounted for a high share of delivery partners. However, this role is being increasingly assumed by DAE and non-AE delivery partners. The share of projects with non-AE DP has been growing for vulnerable countries in particular (from 34 per cent in RPSP 1.0 to 49 per cent in RPSP 2.0). However, the RPSP grant-to-DP ratio for IAEs is still much higher than for non-AE DPs or DAEs, with several IAEs each having dozens of RPSP grants approved (Independent Evaluation Unit forthcoming a).

37. **GCF Secretariat has yet to develop mechanisms to oversee the activities of delivery partners.** While 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 risks and results. GCF has not yet operationalized all the necessary tools to ensure an adequate control function, although the GCF Secretariat activities that were reported during GCF-1 indicate its increased attention to optimizing implementation and adaptive management (Independent Evaluation Unit 2022b).

## VII. Section 5: Private sector

38. **RPSP-related activities have not been able to address major gaps in private-sector programming so far.** RPSP-financed activities have not been able to address the constraints facing the private sector. RPSP has not addressed issues around private sector capacity and resources to write funding proposals; loan conditionalities and concessional rates; and exchange rate agreements. RPSP support for the private sector, especially as it pertains to the SIDS and adaptation is in its early stages. More mature private sector support would include the development of studies, plans and strategy; supporting mechanisms for market activation and reforms; and supporting the project pipeline through CNs and FPs (Independent Evaluation Unit 2019b; 2020c; 2021a).

39. **The scope of activities undertaken for supporting the private sector is limited.** The effective deployment of the RPSP has been limited in helping to strengthen the NDA/focal points; in supporting planning, programming and investment design; and in creating enabling conditions and a policy environment for the private sector and the use of RPSP in catalyzing the participation of private sector actors, in particular local actors, is limited (Independent Evaluation Unit 2021c). Little has been done through RPSP to improve the incentive environment for crowding in private sector investments and “government authority is supported over other stakeholders, thus marginalizing CSOs, with unintended effects on the political balance of power, causing some discord” (Independent Evaluation Unit 2019b). GCF’s private sector approach will require addressing capacity support to small and medium-sized firms. GCF should clarify what the RPSP can do for small and medium-sized private sector companies (Independent Evaluation Unit 2021a).

## VIII. Section 6: RPSP in vulnerable countries

40. The GCF’s Governing Instrument (GI) recognizes how the LDCs, SIDS and African states are particularly vulnerable to the impacts of climate change (Green Climate Fund 2011). The Board has also ensured a floor of 50 per cent readiness support allocation to these vulnerable countries. For example, many vulnerable countries not only face extreme and increasing climate shocks and stresses but currently hold lower adaptation readiness.

41. **Access to RPSP for vulnerable countries is difficult.** One of the most significant barriers to accessing RPSP in vulnerable countries is the lack of institutional capacity among DAEs, NDAs, delivery partners and within the GCF (Independent Evaluation Unit 2020c; 2022a). Limited human resource capacity, governance, structural barriers, the type and positioning of the NDA and the language used for GCF processes all present barriers to accessing GCF readiness funding (Independent Evaluation Unit 2022a). Countries with higher capacities are able to access GCF’s RPSP funding more easily while countries with lower capacities find it difficult to access RPSP (Independent Evaluation Unit 2022a). Past evaluations have highlighted the need for a diversification of the pool of entities to engage with as delivery partners and DAEs to avoid strain on their capacities and an accompaniment approach to capacity building, providing human resources to work side-by-side with government and DAE staff to build capacity over a longer period (Independent Evaluation Unit 2020c).

42. **The lack of institutional capacity also negatively affects the effectiveness of RPSP.** While RPSP has provided valuable support to countries in identifying and nominating potential candidates for accreditation, it has been less effective in moving them through basic or upgraded accreditation. One exception here is the SIDS countries where the RPSP has been significantly more effective in this respect than other priority country groups. Even where accreditation of entities has been successful, RPSP has not been able to systematically move AEs from accreditation to the preparation of a concept note or approval of an FP. This is especially true of DAEs in the SIDS which have experienced long gaps between Board accreditation and the approval of post-accreditation RPSP support (Independent Evaluation Unit 2020c). RPSP

grant requests from vulnerable countries take longer than for other countries (Independent Evaluation Unit 2022a; forthcoming a). The RPSP delivery partner model of training workshops has not been able to build sustainable or sufficient capacity for developing concept notes. Vulnerable countries require not only technical assistance but also support to address human capacity constraints (Independent Evaluation Unit 2020c; 2022a).

## IX. Section 7: RPSP in GCF policies, strategies, and guidance notes during RPSP 2.0

43. **RPSP for partnerships.** For the most part, GCF has defined its partnership in terms of the number of accredited entities and the projects/programmes financed with them. However, some recent policies have framed RPSP as one of the means of establishing and maintaining partnerships. Delivery partners are recognized as a category of partners alongside accredited entities and executing entities. The important role of RPSP in building capacities in DAEs has been recognized in more recent policies and measures, such as a dedicated RPSP funding window for DAEs and tailoring of RPSP support for DAEs based on their capacities (Green Climate Fund 2022f).

44. **GCF engagement with the private sector and innovations.** RPSP is identified as the first prong of GCF's engagement with the private sector. A role for RPSP is identified in enhancing the enabling environment for private investment in countries. This requires greater usage of the Readiness Programme to promote greater engagement between governments and the private sector. In operational terms, RPSP is also seen as a mechanism for helping the private sector pilot new approaches, and design new instruments (microinsurance, weather-index insurance) and new climate finance vehicles (Green Climate Fund 2022c). GCF has also identified the need to promote technology development and transfer, innovation, incubation and acceleration. This includes identifying where GCF support can unblock bottlenecks in value-chains for technology innovation, diffusion and transfer at different stages of the technology cycle, including via deploying RPSP to support national innovation systems and supporting local technology production (Green Climate Fund 2020).

45. **Predictability and longer-term orientation of RPSP.** The Updated Strategic Plan for the GCF 2020-23 highlights the importance of ensuring the predictability of RPSP. To that end, the USP has called for the need for multi-year readiness grants. As the USD 1 million annual cap inhibits continuity and longer-term planning, the Secretariat now allows three-year instead of one-year RPSP grants if an RPSP assessment has been completed; uptake has been very low so far because few countries have the necessary assessments already and awareness of this opportunity is low (Independent Evaluation Unit forthcoming a). USP has also called for the RPSP to be deployed in a more streamlined way with PPF to help build lasting institutional capacity for transformational programming and convert promising project concepts into bankable investments.

46. **RPSP as a means of bringing a paradigm shift.** GCF's sectoral guides recognize the important role of RPSP in ensuring a paradigm shift, especially through the financing of activities that address core barriers in different sectors but do not generate financial returns (Green Climate Fund 2022d; 2022e; 2022a). Some of the interventions at the sectoral level to address through readiness include institutional capacity building and technical assistance to sectoral governance, as well as for monitoring capacity, planning and undertaking reforms (Green Climate Fund 2022b). However, the reference to readiness and its potential usage at the sectoral level is uneven across sectoral guides. The RPSP's role as elaborated in sectoral guides is not linked explicitly to the RPSP's existing objectives but rather mentioned in the context of GCF's need to provide grant resources, RPSP or otherwise, to address sectoral constraints.

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## X. Section 8: Conclusions and Looking ahead

47. RPSP has remained relevant. It serves as the first step to accessing GCF and helps in building the capacity of nominated entities and AEs to access GCF funding as a whole and also to help countries create suitable policies and frameworks at the country level for accessing climate finance. However, access to RPSP is still cumbersome. The results of the readiness programme are adversely influenced by numerous factors, including disruptions from the COVID-19 pandemic. On most objectives, RPSP has borne partial results and challenges persist in the implementation through delivery partners and in implementation in vulnerable countries. In addition, the business model of delivering RPSP through delivery partners poses its own set of challenges.

48. The Secretariat continues to modify the RPSP strategy and its processes but has not yet found the right balance to efficiently serve country needs, especially given existing caps and limited resources. A readiness action plan was implemented throughout 2022 that sought to further streamline and simplify processes for faster access, including through the development of Standard Operating Procedures, reducing review steps, standardizing review scopes, and better tailoring second-level due diligence to project risks. The Secretariat is also in the process of updating the Readiness Guidebook, expected in early 2023, to better inform partners on expectations and processes relating to overall climate finance readiness at the country level as well as engaging with the GCF at different stages. These steps and processes will be closely reviewed by the independent evaluation of RPSP.

49. This synthesis note summarizes existing evidence about the effectiveness and efficiency of RPSP in GCF-eligible countries so far. The revised RPSP strategy and the increase in amounts of grants and their volume in recent years call for another evaluation to examine whether progress has been made in achieving key RPSP outcomes and reexamine the continued relevance of recommendations made under previous RPSP evaluation, which have yet to be fully implemented (refer to Appendix). The independent evaluation will also build on the numerous findings captured in this synthesis and also assess the progress on readiness against milestones identified in RPSP Strategy 2019-2021 and other corporate policies approved after the last Independent Evaluation of the Readiness Preparatory Support Programme in 2018.

50. The next evaluation steps are the development of the approach paper to the evaluation by February 2023. This evaluation will be completed by October 2023 for the submission of the evaluation report in time for the following Board meeting in 2024. The issues identified in the synthesis note will be included in the approach paper as well as the main evaluation report. The evaluation will seek feedback on its major steps from the GCF Secretariat and the Board.

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## Appendix: Evaluation recommendations and management response from the Management Action Report (MAR) on the independent evaluation of the GCF's readiness and preparatory support programme 2018 (submitted to B.30) (Independent Evaluation Unit 2021d)

Table 5: Evaluation recommendations and management response, 2018

IEU recommendations (decision B.22/10)	Management response provided to the Board (decision B.22/10)	IEU Rating	IEU Comments
<b>1A. Capacity building, outreach and support to countries</b>			
<p>Opportunities for peer learning should be encouraged. Peer-to-peer learning among countries and DAEs should be privileged more, in Structured Dialogues and also via sub-regional meetings</p>	<p>The Secretariat is strengthening efforts for the Readiness Programme to promote peer-to-peer learning, strengthen capacity support to accredited direct access entities, improving guidelines for country programming, and make readiness information available to countries through the country portals.</p> <p>We agree with this finding, although the objectives of Structured Dialogues are also to align countries and entities in developing projects &amp; programmes for the GCF, fostering peer-to-peer learning among countries, and more recently also to promote complementarity &amp; coherence with other climate funds.</p>	<b>Medium</b>	<p>In 2021, two virtual regional dialogues have taken place (Caribbean in March, Pacific in June). Additional webinars on the Readiness Programme COVID-19 response grants have taken place as well. In addition, consultations on the RRMF were conducted in April. However, progress on structured dialogues and regional workshops was hampered by the onset of COVID-19 pandemic in 2020.</p>
<p>Post accreditation support and capacity strengthening: Provision should be made for strengthening the capacities of NDA/FPs and offering post-accreditation support for DAEs,</p>	<p>The awareness of DAE support as part of the readiness preparatory support programme still needs further outreach targeted towards both NDAs and DAEs. Currently there are only 7 DAEs (out of 32 DAEs) that have requested (and received approval) for capacity building support that would assist in institutional strengthening as well as</p>	<b>Medium</b>	<p>Support extended to NDAs and DAEs in crafting country programmes (CPs and EWPs). The Secretariat has created a roster of experts to support DAEs in developing RPSP proposal and strengthening CNs for improvement of their pipelines.</p>

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<p>in particular for the preparation of concept notes with clear climate rationales</p>	<p>pipeline development. Pipeline development is at a nascent stage that is being undertaken through RPSP. Most DAEs have expressed their interest to request for possible support for both institutional strengthening and pipeline development; where RPSP could be very helpful. Additionally, to accommodate DAEs request for pipeline development, in 2018, DCP has put in place a roster of 3 consultants who are being deployed in short term to help DAE develop concept note. For 2019, DCP is planning to develop structured trainings, create a roster of qualified experts to be deployed as long-term consultants to support DAEs starting from pipeline development to implementation of projects.</p>		
<p>Capacity building: Countries should be provided with financial support plus advisory services (i.e. capacity building and technical assistance) for meeting their needs and priorities; More long-term national consultants should be funded to provide support to weak NDA/FPs in LDCs, SIDS and in Africa; Greater capacity-building support should be</p>	<p>We partially agree with the findings. The awareness of DAE support as part of the readiness preparatory support programme still needs further outreach targeted towards both NDAs and DAEs. Currently there are only 7 DAEs (out of 32 DAEs) that have requested (and received approval) for capacity building support that would assist in institutional strengthening as well as pipeline development. Most DAEs have expressed their interest to request for possible support for both institutional strengthening and pipeline development; where RPSP could be very helpful. Additionally, to accommodate</p>	<p><b>Medium</b></p>	<p>Ongoing, several countries in the SIDS and the LDCs have utilized readiness grants to bring on board long term consultants who are embedded either in the NDA offices, or in some cases, national DAE offices, to provide long term support.</p>

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<p>provided on gender and ESS to ensure that countries are able to develop RPSP and Funded Project proposals in line with the gender, ESS and indigenous peoples policies of the GCF. With respect to gender, a concerted effort should be made in Africa.</p>	<p>DAEs request for pipeline development, in 2018, DCP has put in place a roster of 3 consultants who are being deployed in short term to help DAE develop concept note. For 2019, DCP is planning to develop structured trainings, create a roster of qualified experts to be deployed as long-term consultants to support DAEs starting from pipeline development to implementation of projects.</p>		
<b>1B. Country programmes and in-country support</b>			
<p>DAEs and country ownership: Criteria should be developed to determine if some countries need several DAEs to pursue their objectives. If so, pre-accreditation support should be made available to all potential candidates recommended by NDA/FPs</p>	<p>DCP has put in place a roster of 3 consultants who are being deployed in short term to help DAE develop concept note. For 2019, DCP is planning to develop structured trainings, create a roster of qualified experts to be deployed as long-term consultants to support DAEs starting from pipeline development to implementation of projects.</p>	<b>Low</b>	<p>The DAE action plan was presented to the Board under RPSP – Annual update report for 2020 (GCF/B.29/ Inf.07/Add. 04). Also, the OPM is developing procedural guidance and templates on handling readiness grant implementation challenges, which is planned to be published with the new version of the readiness guidebook.</p>
<p>Coordination and firewalls to prevent conflicts of interest: Within countries, specific expectations and requirements for intra-governmental coordination and stakeholder consultations</p>	<p>We agree with this finding that, under the country-ownership principle, the countries have the flexibility to decide their institutional arrangement for climate financing and related processes. We will investigate the Global Fund model in the future. We agree with this finding, and will investigate the good practices in some</p>	<b>Medium</b>	<p>There is a Sustainability Guidance Note: Designing and ensuring meaningful stakeholder engagement on GCF-financed project, which provides requirements for stakeholder engagement. Several evaluations have recommended Stakeholder engagement</p>

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<p>should be formulated, similar to the Country Coordination Mechanism of the Global Fund. Specifically, the evaluation recommends strong firewalls to eliminate conflicts of interest within these coordination and approval structures</p>	<p>countries, and facilitate the learnings across the countries. Many (if not most) countries have tended to build on existing coordination structures for finance or climate when establishing their coordination mechanisms for the purposes of GCF financing.</p>		<p>policy, however, there is no stakeholder policy in place.</p>
<p><b>1C. Secretariat level process changes</b></p>			
<p>Results-oriented planning and reporting for RPSP activities should be introduced and implemented, including also periodic evaluations</p>	<p>While we agree with this finding, it's also true that most grants only received their first disbursement in 2017, thus most of the expected results have not yet been achieved. In the recent Progress and Outlook Report of the RPSP, related sections, e.g. "Implementation at the Outcome Levels" and "Monitoring of the Readiness Grants" have been added to capture the results achieved so far. DCP and OPM have agreed to look into the qualitative measurements of the RPSP in the future.</p>	<p><b>Low</b></p>	<p>The Secretariat is working on developing the RRMF, which is in the consultation phase with key stakeholders.</p>
<p>The RPSP should have a database that is open to countries who can then view the status of their applications and grants. The information should</p>	<p>Not specifically responded.</p>	<p><b>Not rated</b></p>	<p>Fluxx database has been fully operational since mid-2019. However, there is no open database available for transparent and interoperable ways for countries to review and check the status of their application.</p>

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<p>be provided in a transparent and an inter-operable way and countries should be able to check status. The Secretariat should ensure that any further database development is harmonized, to avoid duplication, redundancy and inconsistencies</p>			
<p>Measure and manage: How 'ready' are countries, at any given time? This requires progress and results indicators. It is premature and beyond the scope of this evaluation to provide the details of such a strategy for the RPSP. Nonetheless, the evaluation has identified several choices that the Secretariat could consider.</p>	<p>While we agree with this finding, it's also true that most grants only received their first disbursement in 2017, thus most of the expected results have not yet been achieved. In the recent Progress and Outlook Report of the RPSP, related sections, e.g. "Implementation at the Outcome Levels" and "Monitoring of the Readiness Grants" have been added to capture the results achieved so far. DCP and OPM have agreed to look into the qualitative measurements of the RPSP in the future.</p>	<b>Low</b>	<p>The Secretariat is working on developing the RRMF, which is in the consultation phase with key stakeholders.</p>
<p>Establish complementarity and coherence with unfunded elements of Investment Plans under the CIFs (and potential others), in particular through the PPF and NAP</p>	<p>The Secretariat will investigate the good practices in some countries and facilitate the learnings across the countries. Many (if not most) countries have tended to build on existing coordination structures for finance or climate when establishing their coordination</p>	<b>Medium</b>	<p>The Secretariat, since 2019, included in the readiness programme application template the request for information on coherence and complementarity.</p>

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support windows, and report on this as well;	mechanisms for the purposes of GCF financing.		
Identify and remove barriers to crowding-in private sector investments, while defining and supporting the creation of conducive policies for private sector participation;	While the RPSP has been providing funding support to countries for the NDAs/FPs to engage with the private sector on financing climate actions, and all NAPs approved have an explicit set of activities to engage and catalyze adaptation investment with the private sector, the creating national policy environment and the global system were not explicit objectives of the RPSP. The RPSP, together with PSF could look into the strategy and measures in these aspects.	<b>Low</b>	So far, the readiness support has not been used in creating the environment for private sector mobilization. How the NDAs benefit from the strategy (e.g. enabling private sector participation and investment in low emissions development) is not clear.
Develop comprehensive strategies to catalyze investments to deploy and scale-up prioritized climate technology solutions;	The Secretariat will explore the measures to be put into place, for which we believe some foundational work, e.g. defining "transformational change" in GCF community, developing GCF Private Sector Engagement Strategy, Country Engagement Strategy, Entity Engagement Strategy, have to be done. All of these will guide the RPSP to develop tools and provide support to countries.	<b>Low</b>	The Secretariat has a close working relationship with the Climate Technology Centre and Network for the UNFCCC. However, currently, there is no strategy for catalyzing investment nor approach to technology under GCF's readiness support.
Enable more flexible cooperation with the private sector, rooted in a strategy for engaging with the private sector that is based in greater alignment with its sectoral practices;	While the RPSP has been providing funding support to countries for the NDAs/FPs to engage with the private sector on financing climate actions, and all NAPs approved have an explicit set of activities to engage and catalyze adaptation investment with the private sector, the creating national policy environment and the	<b>Low</b>	So far, the readiness support has not been used to create an enabling environment for private sector mobilization. It is not straight forward how NDAs benefit from the strategy to allow private sector participation and

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	global system were not explicit objectives of the RPSP. The RPSP, together with PSF could look into the strategy and measures in these aspects.		investment in low emissions development.
Engage with additional parts of governments (e.g. ministries of agriculture, forestry, and meteorology departments).	The RPSP have been engaging with government at high level, namely the perception of the Structured Dialogue. The level of country coordination depends on the governance context in each country, varying from parliament or cabinet level to ministry or department level. The GCF Board has approved recommended criteria for country consideration as they conduct country coordination and multi-stakeholder engagement at the level of national priorities and strategies (or in the development of funding proposals, as appropriate). These criteria speak to the need to engage all relevant stakeholders in ongoing processes, also based on previous country experiences in the coordination of strategic matters. Many of the approved readiness requests propose setting up inter-ministerial coordination mechanisms that are expected to ensure high-level political support as seen as appropriate for each country.	<b>Medium</b>	The readiness programme has been used in building country's human and technical capacity involving cross-governmental ministries and departments and across various groups of stakeholders. However, the question remains on how effectively it has been operationalized and how to ensure sustainability/retention of the built capacity.