

How can the GCF be faster, better, smarter?

Findings from the Forward-looking
Performance Review of the GCF

Jo (Jyotsna) Puri

jpuri@gcfund.org

Head, Independent Evaluation Unit (IEU)

6 December 2019



Decision B.21/17

- Progress
- Performance
- Portfolio

GCF has achieved much in a short time

- **Promise** to this generation and all generations to come.
- Its still young and has achieved much.
- **Ambitious.**
- Influential board with equal representation and a **strong voice.**



As GCF matures and the world changes

Impact and speed are required now.



Key questions

Is the GCF *ready to deliver a paradigm shift* in the climate change space?

I. Appropriate STRUCTURE?

II. Able to deliver LARGE flows?

III. Is it making an IMPACT on developing country NEEDS?

IV. FOCUS going forward?



RECOMMENDATIONS

Deliver better for developing countries and climate

- **Strategy:** A NEW strategic plan.
- **Business model:** deliver BETTER.
- **Focus:** Re-emphasize **adaptation** and innovation.
- **Enable:** Re-examine and DELEGATE authority.



TODAY...

I. Has the Governing
Instrument translated
into an adequate
structure?



Structure

- Business model design is valid.
- AEs and NDA network help paradigm shift.

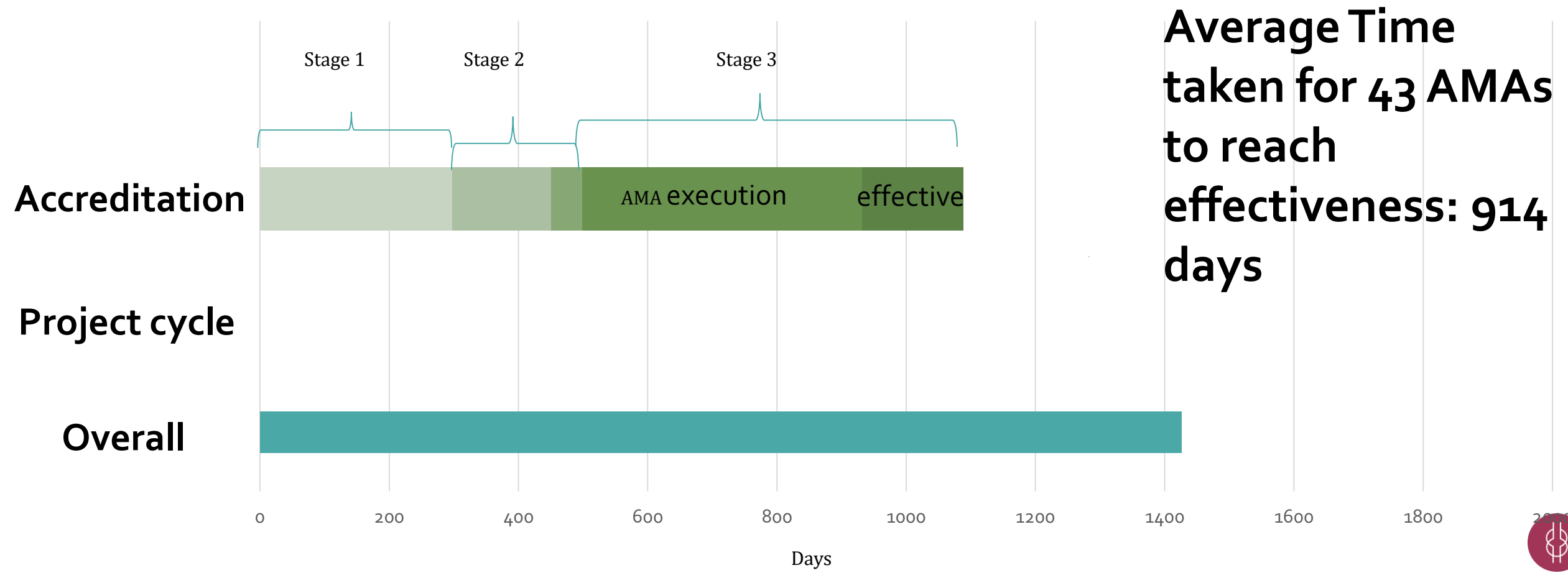
But

- Accessing GCF \$?

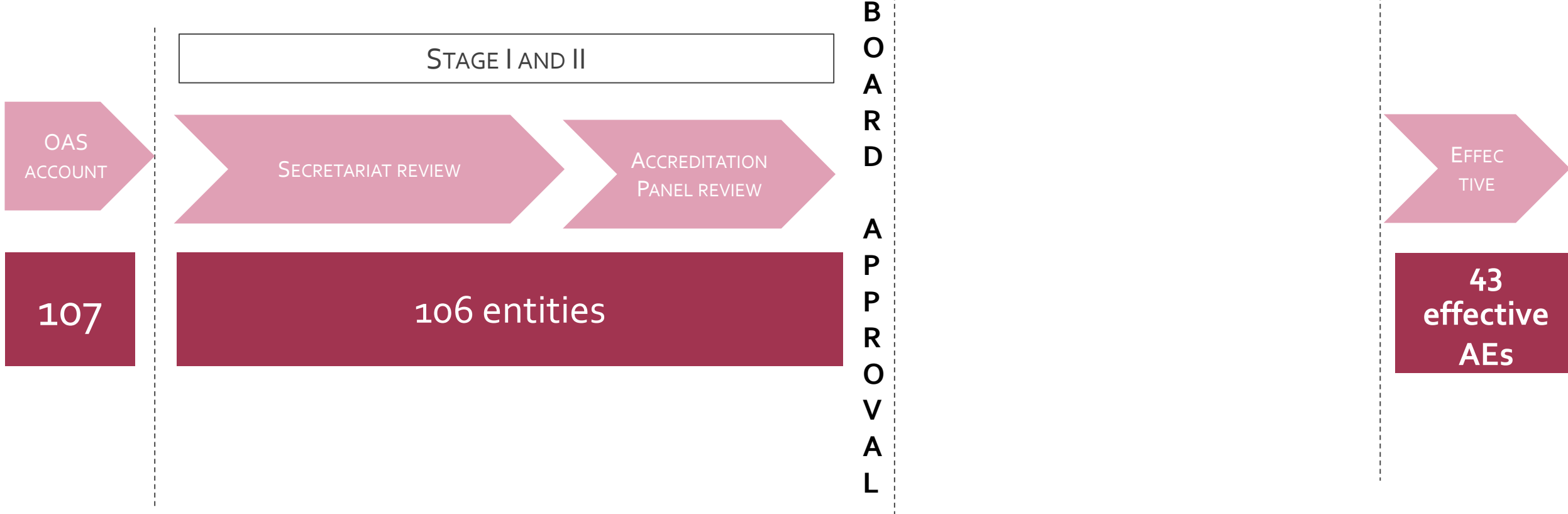


Accessing GCF resources I. / IV.

How long does it take to be *eligible*?



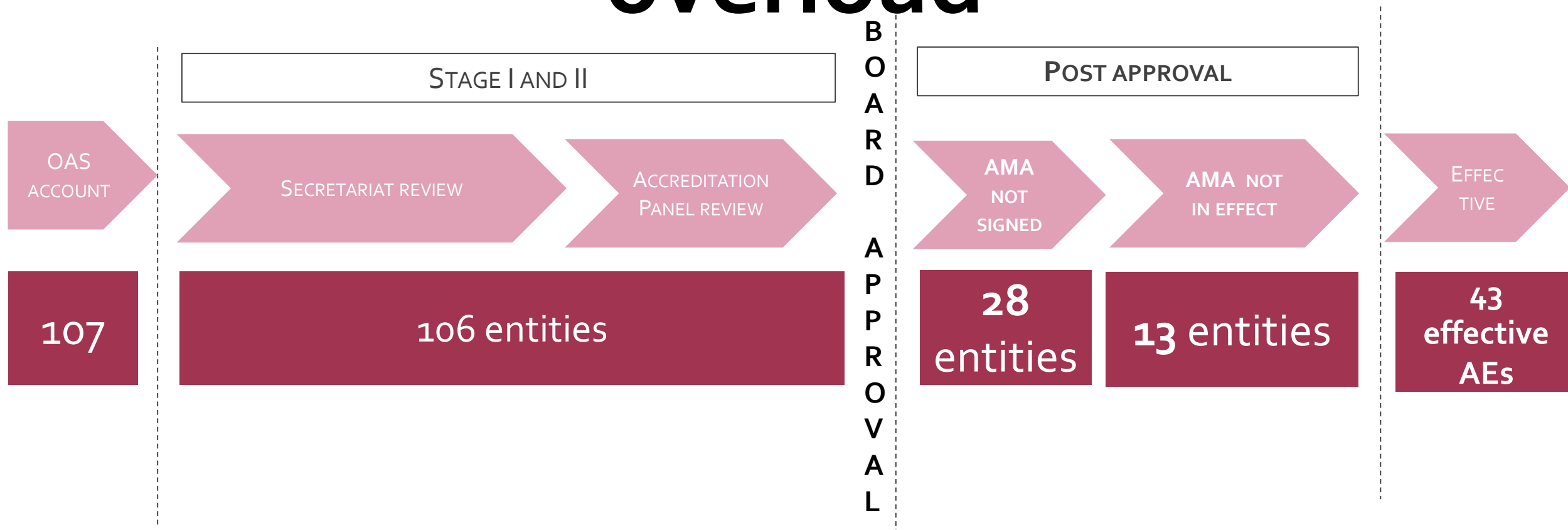
Delivery concerns and Policy overload



As of 28/02/2019



Delivery concerns and Policy ^{I. / IV.} overload



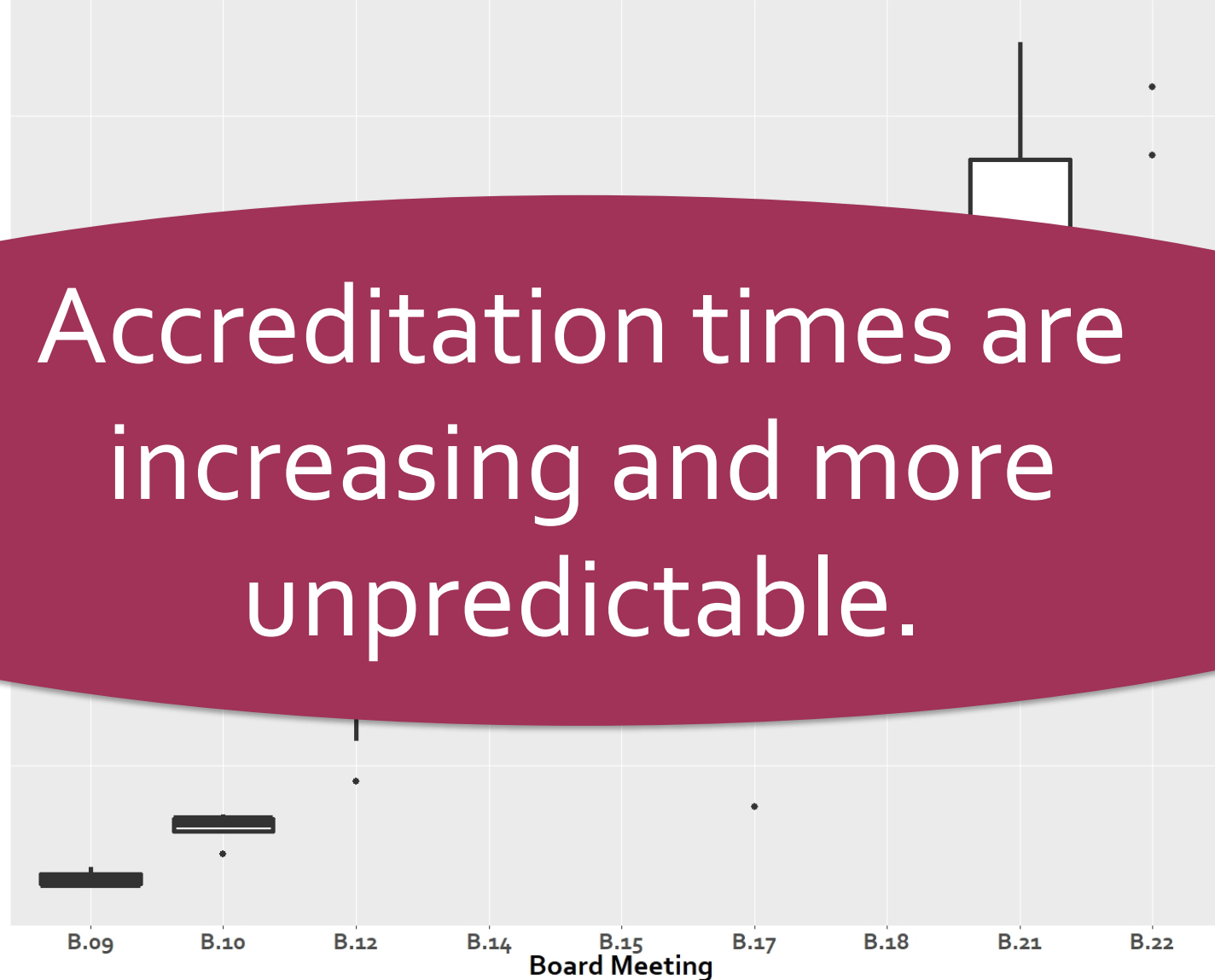
As of 28/02/2019





Accreditation times

Board Accreditation Duration for Entities by Board Meeting Accredited
84 Board Accredited Entities



Accreditation times are increasing and more unpredictable.



I. Key take aways

- Getting to the starting line (effective accreditation) takes a while
- Accreditation: Needs a **strategy** (targets, KPI)
 - DAE an excellent remit.
 - On average a shorter time vs. IAEs.



II. Is the GCF able to deliver large climate investment flows?



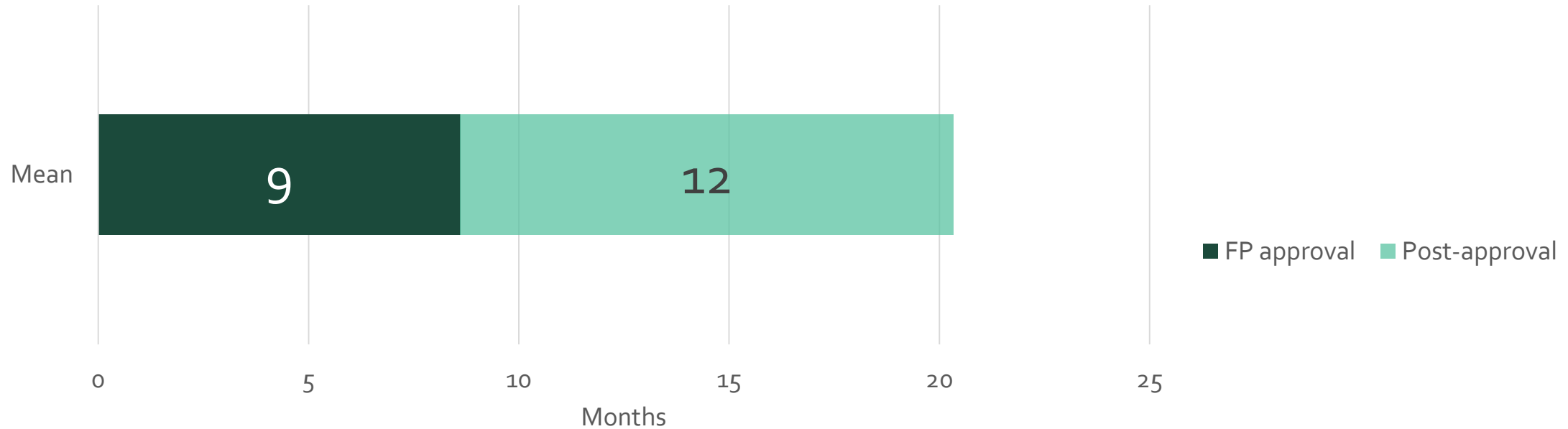
Leverage large flows?

- Largest climate fund
- Diverse instruments available.
- Committed 5.3 Bn
- Accessing GCF funds?





FAA Effectiveness (post-board) took over a year.



- FOR 102 FPs, 8.6 MONTHS FOR BOARD APPROVAL.
- BUT LESS THAN HALF FPs ARE EFFECTIVE (50 FAAs EFFECTIVE).



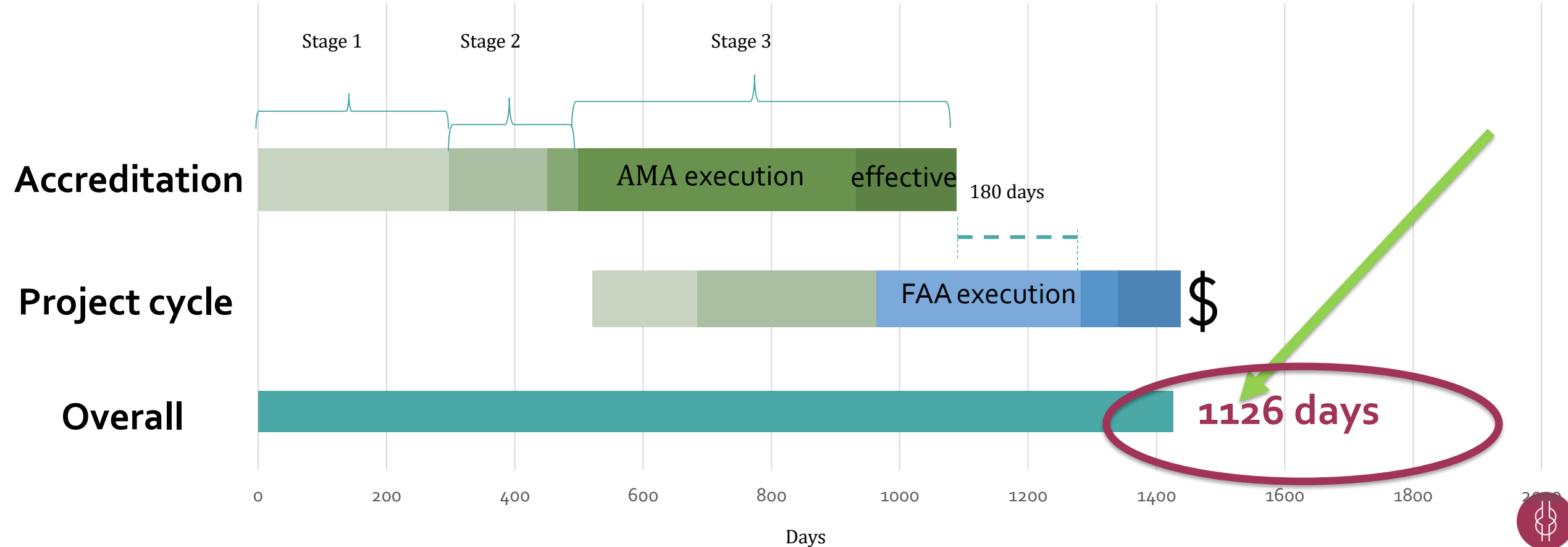


Compliance/Policy issues and delays



Accessing GCF resources

How long does it take from the beginning to the end to get a GCF \$?



Policies burden and other critical gaps remain.

Table 27 Some cases of overlap in GCF policies

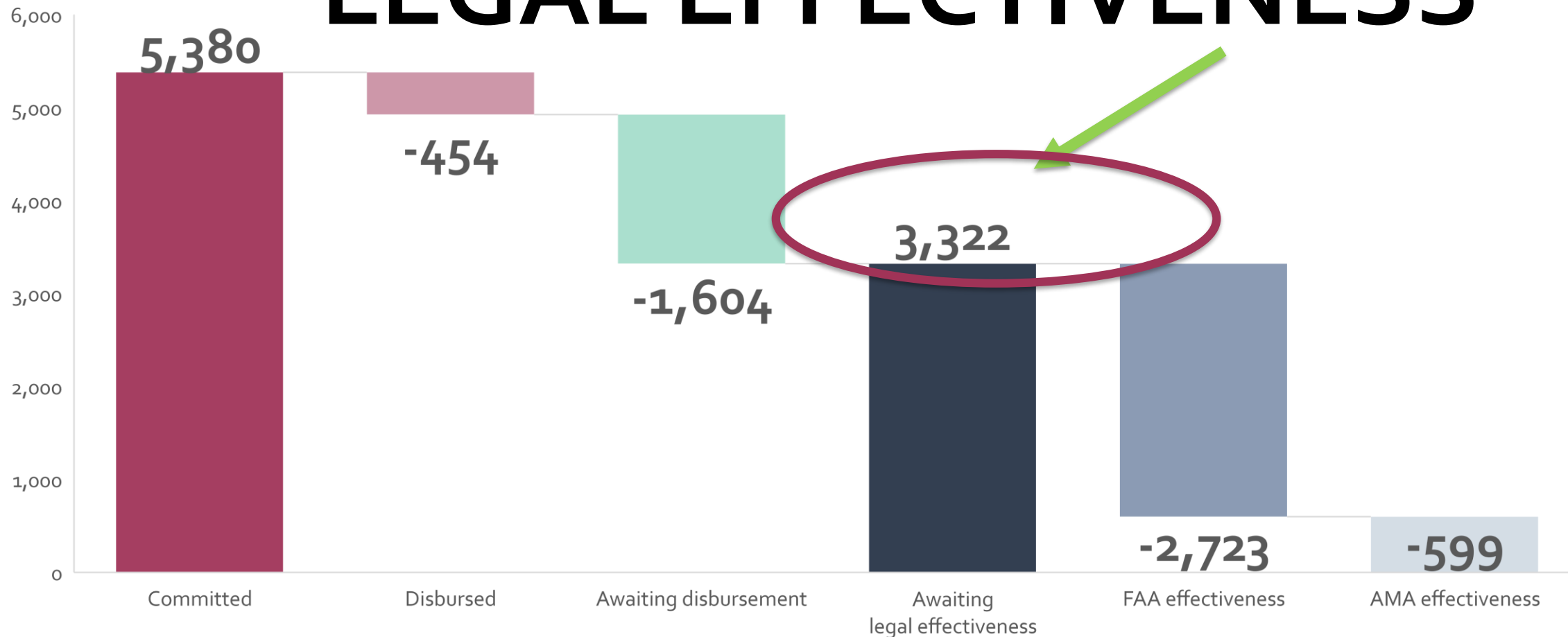
| GCF POLICIES | POTENTIAL OVERLAPS |
|--|--|
| Information Disclosure Policy Decision B.12/35 Environmental and Social Management System – Adoption of GCF Environmental and Social Policy Decision B.19/10 | Potential overlap related to information disclosure |
| Policy on the Protection of Whistleblowers and Witnesses Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy (draft) General Principles on Prohibited Practices through Decision B.12/31 GCF’s Anti-Money Laundering and Countering the Financing of Terrorism Policy Decision B.18/10 | Inconsistent terminology Duplication among policies – all include obligations related to reporting Future change in reporting framework would require a change in all policies |
| Interim Policy on the Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment Policy on the Protection of Whistleblowers and Witnesses General Principles on Prohibited Practices through Decision B.12/31 | Different reporting frameworks in policies |
| Financial terms and conditions for the GCF B.09/04 Policy on concessional financing Administrative Guidelines (contains clause on Interim Policy on the Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment) | |
| Results Management Risk Management Investment Criteria Investment Criteria Committee of Sponsoring Organizations (COSO) framework for the Green Climate Fund | |

- Information policy
- Whistleblowing
- Sexual exploitation

- Rigid policies, Overlaps and unclear delegation.
- Climate value?



MOST \$ WAITING POST-APPROVAL LEGAL EFFECTIVENESS



II. Key take aways

II. / IV.

- Long waiting times from application to first disbursement (>**1000** days)
- Compliance: Reduce policy burden.
- Create a **differentiated model** for different access modalities/capacities/needs.



III. Is the GCF able to make an impact on country needs?



GCF Financing is small compared to needs

III. / IV.

| Financial support (\$ Bn) | In (i)NDCs (\$ Bn) | All 154 eligible | | | 64 funded LDCs, SIDS, African States | | |
|---------------------------|--------------------|--------------------------------------|--------------------------|--------------------------------|--------------------------------------|--------------------------------------|--------------------------|
| | | GCF support committed so far (\$ Bn) | % provided by GCF so far | Total cofinance by GCF (\$ Bn) | Quantified in (i)NDCs (\$ Bn) | GCF support committed so far (\$ Bn) | % provided by GCF so far |
| | | | | | | | (7) |

GCF contributions (including co-financing) << 1% of developing country climate needs for both mitigation and adaptation (lower bound).

Total
Adaptation
Mitigation

0.3%



COUNTRY PRIORITIES?

64 LDC, SIDS, African States in the current portfolio

| MITIGATION RESULTS AREAS | NEED | GCF SUPPORT |
|----------------------------------|------|-------------|
| | | YES |
| Energy access and efficiency | | |
| Low emissions growth | | |
| Energy efficiency | | |
| Health and well-being | | |
| Infrastructure | | |
| Ecosystem and ecosystem services | | 45% |

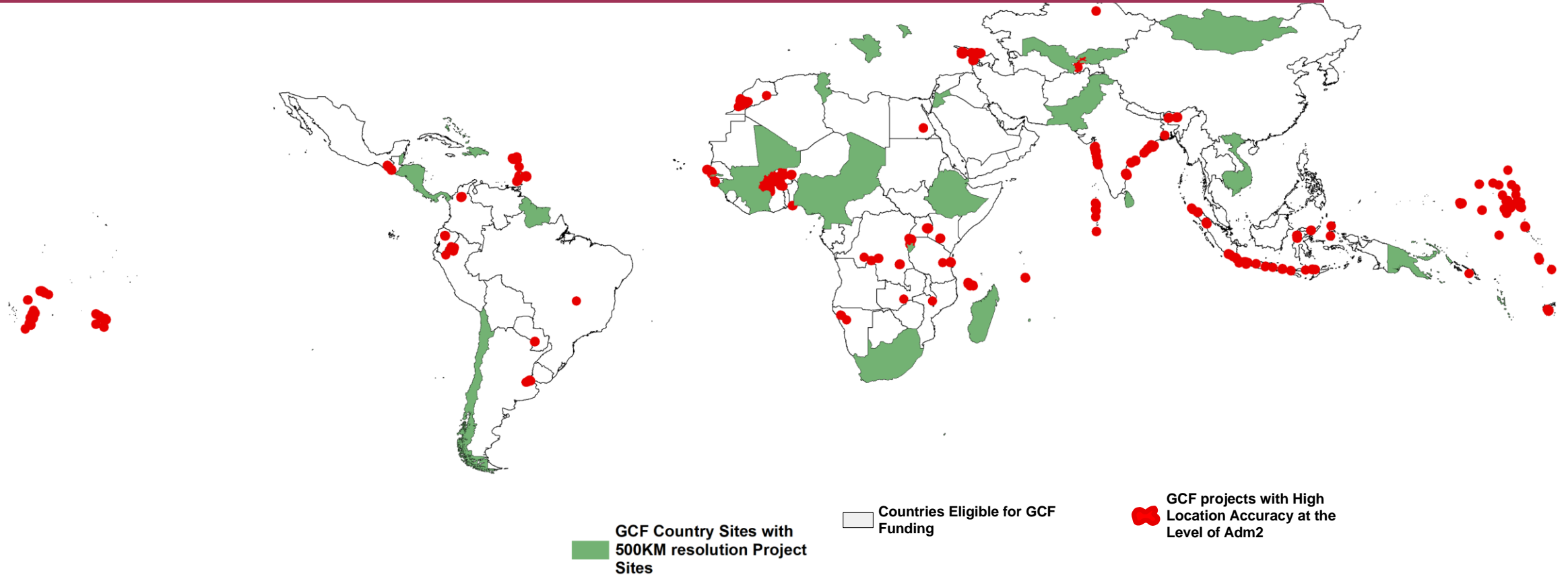
GCF investments are targeting sectoral needs in NDCs.

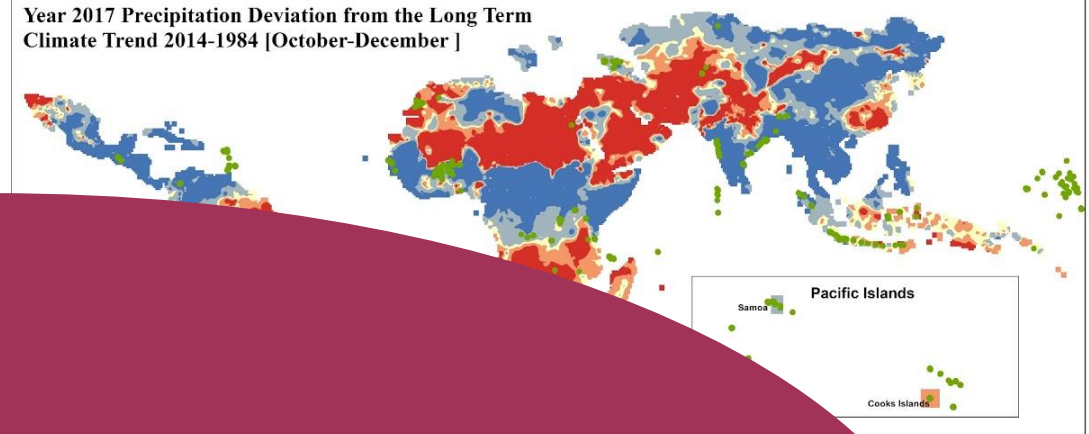
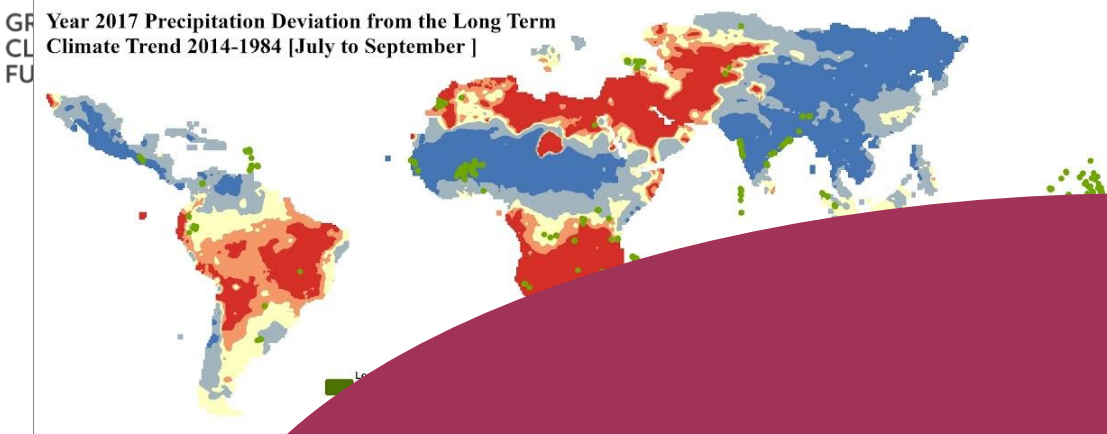
- ✓ Good support to energy and food.
- × Transport, forests, ecosystems



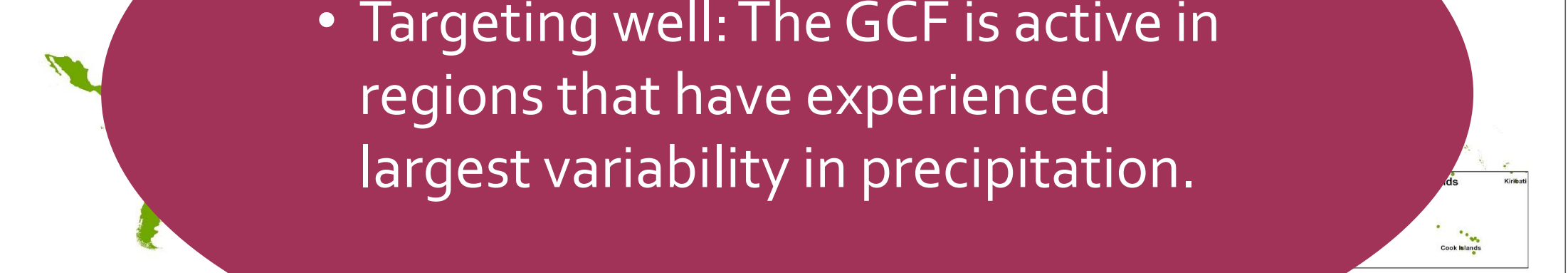


GCF Projects around the world

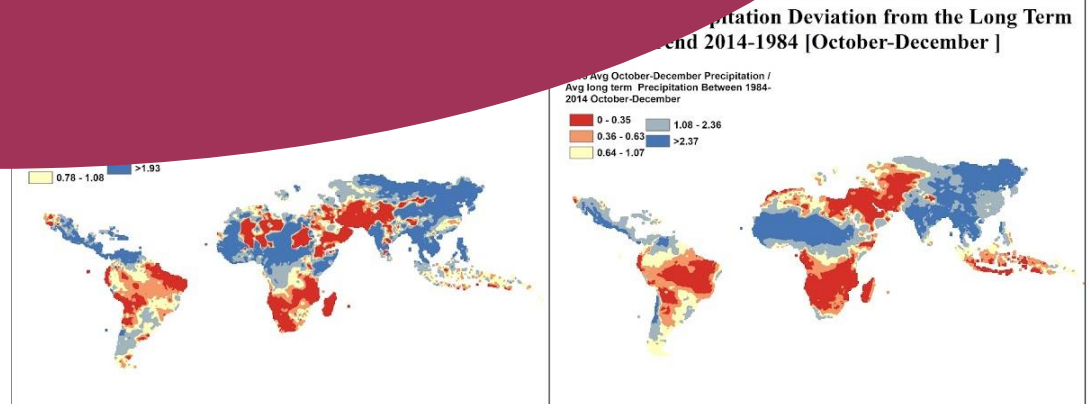
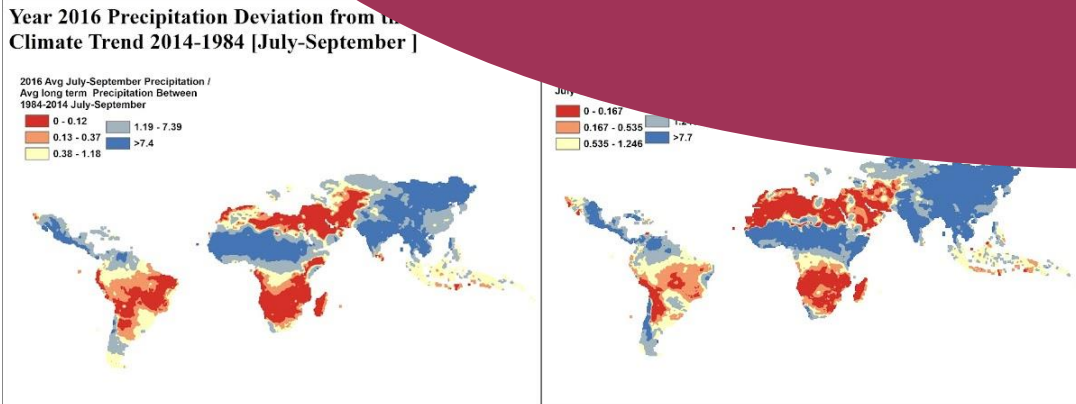




GCF Country I



- Targeting well: The GCF is active in regions that have experienced largest variability in precipitation.



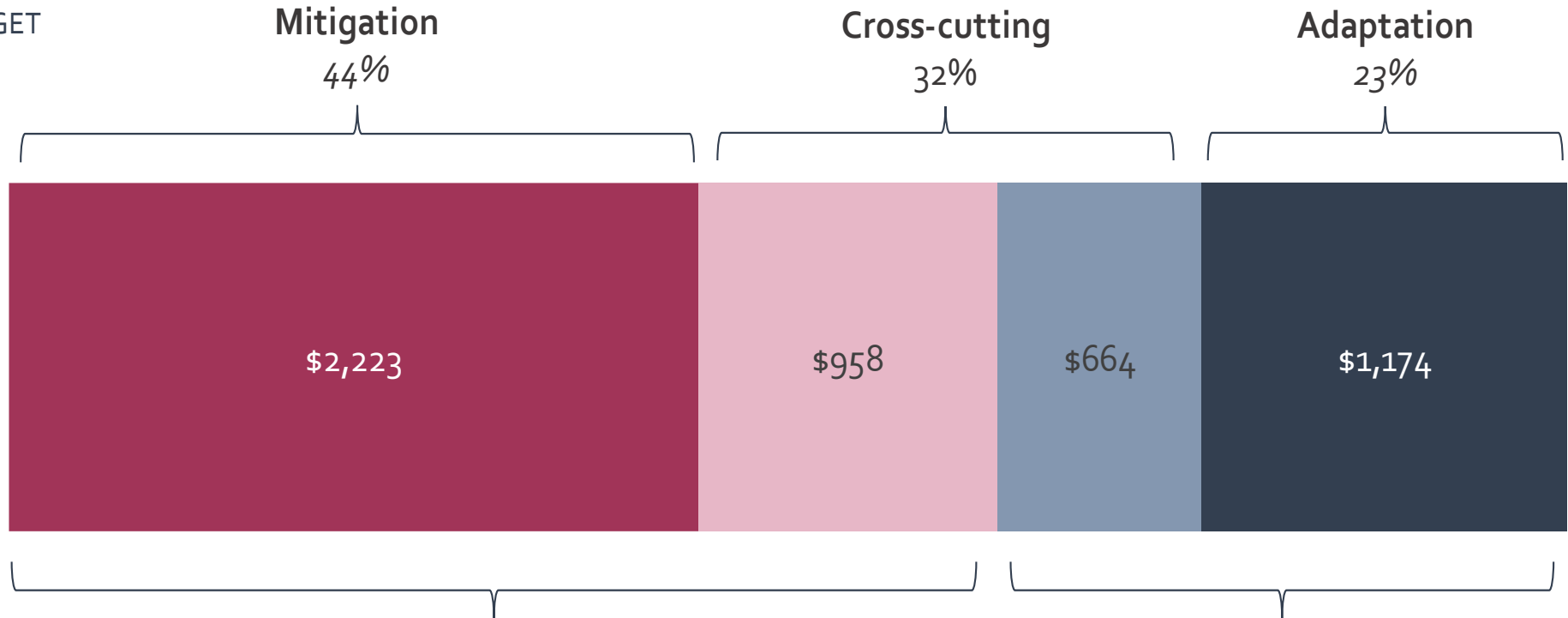
Disclaimer: Boundaries in this map do not represent the views or the opinions of GCF. Country boundary data source comes from http://themallemapping.org/downloads/world_borders.php. GADM data boundary comes from <https://gadm.org/>. The monthly precipitation data comes from Wilmutt, C. J. and K. Matsuura (2001) Terrestrial Air Temperature and Precipitation: Monthly and Annual Time Series (1900 - 2017). http://climate.geog.udel.edu/~climate/html_pages/README_gtcm_s2.html.

Disclaimer: Boundaries in this map do not represent the views or the opinions of GCF. Country boundary data source comes from http://themallemapping.org/downloads/world_borders.php. GADM data boundary comes from <https://gadm.org/>. The monthly precipitation data comes from Wilmutt, C. J. and K. Matsuura (2001) Terrestrial Air Temperature and Precipitation: Monthly and Annual Time Series (1900 - 2017). http://climate.geog.udel.edu/~climate/html_pages/README_gtcm_s2.html.



GCF commmits **twice** in US\$ to mitigation compared to adaptation.

BY TARGET



BY RESULT AREA

Mitigation
63%

Adaptation
37%



III. Key take aways

- **Targeting well.**
- **Very small** still to meet developing country needs.
- **Adaptation** focus needs re-emphasis.
- Seek p-shift niche in **mitigation** (lead/shape)



IV. Strategic plan and focus?



Need for a new strategic plan

IV. / IV.

- ISP fit for purpose.
- NEW strategic plan:
- Delivery for Impact: speed, transparency, predictability
- Innovation: in use of instruments.
- Delegated authority



| | Total (#) | Total (m \$) |
|-------------------------|------------|---------------|
| Total | 102 | 5,018 |
| Direct AE | 26 | 825 |
| International AE | 76 | 4,193 |
| Afs/SIDS/LDCs | 65 | 214 |
| Others | 37 | 240 |
| <i>Disbursed</i> | | |
| Total | 39 | \$ 454 |
| Direct AE | 8 | \$ 59 |
| International AE | 31 | \$395 |
| Afs/SIDS/LDCs | 25 | \$ 214 |
| Others | 14 | \$ 240 |

IV. / IV.

83%
COMMITTED:
9% REACHING
THE GROUND.



NUMBER OF PROJECTS

| | | | | |
|--------------|------------|-----------|-----------|-----------|
| Total | 102 | 45 | 45 | 12 |
|--------------|------------|-----------|-----------|-----------|

Projects with one instrument

| | | | | |
|--------------------|--|--|--|--|
| Grants | | | | |
| Loans | | | | |
| Reimbursable | | | | |
| Result Based Paym. | | | | |

Projects with mixed financial instruments

| | | | | |
|--|--|--|--|--|
| Mix of 2 or more financial instruments | | | | |
| Grants | | | | |
| Loans | | | | |
| Reimbursable | | | | |
| Result Based Paym. | | | | |

Projects with more than one instrument

| | | | | |
|--|-----------------|--|--|--|
| Mix of 2 or more financial instruments | \$ 2,894 | | | |
|--|-----------------|--|--|--|

GCF different from other climate funds?

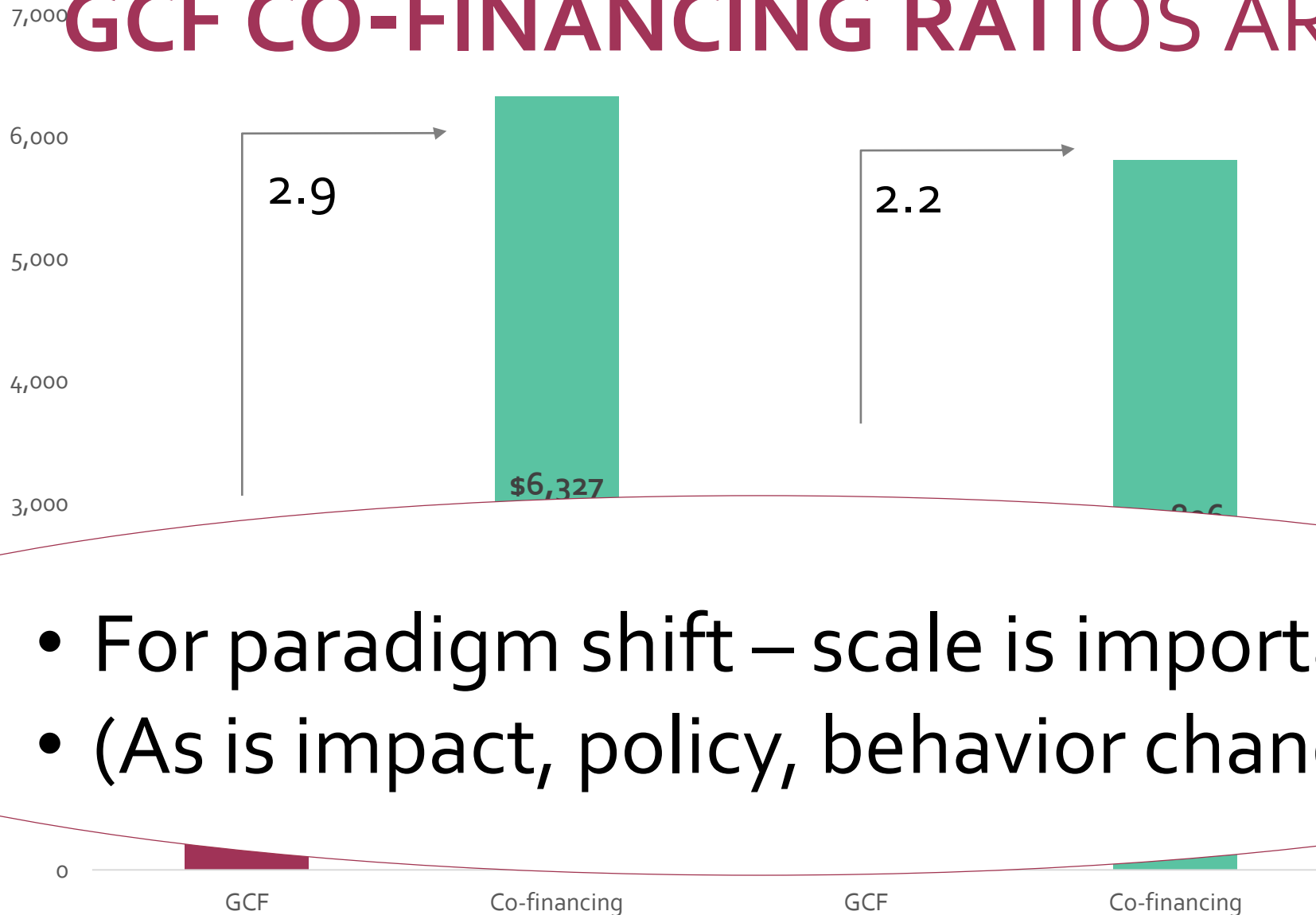
- **35 FPs** have two or more types of financial instruments (grants and senior loans).
- **De-risk** in mitigation
- **Innovate** in adaptation
- **Structure** of secretariat: lifecycle and solutions-driven.

USE OF





GCF CO-FINANCING RATIOS ARE LOW.



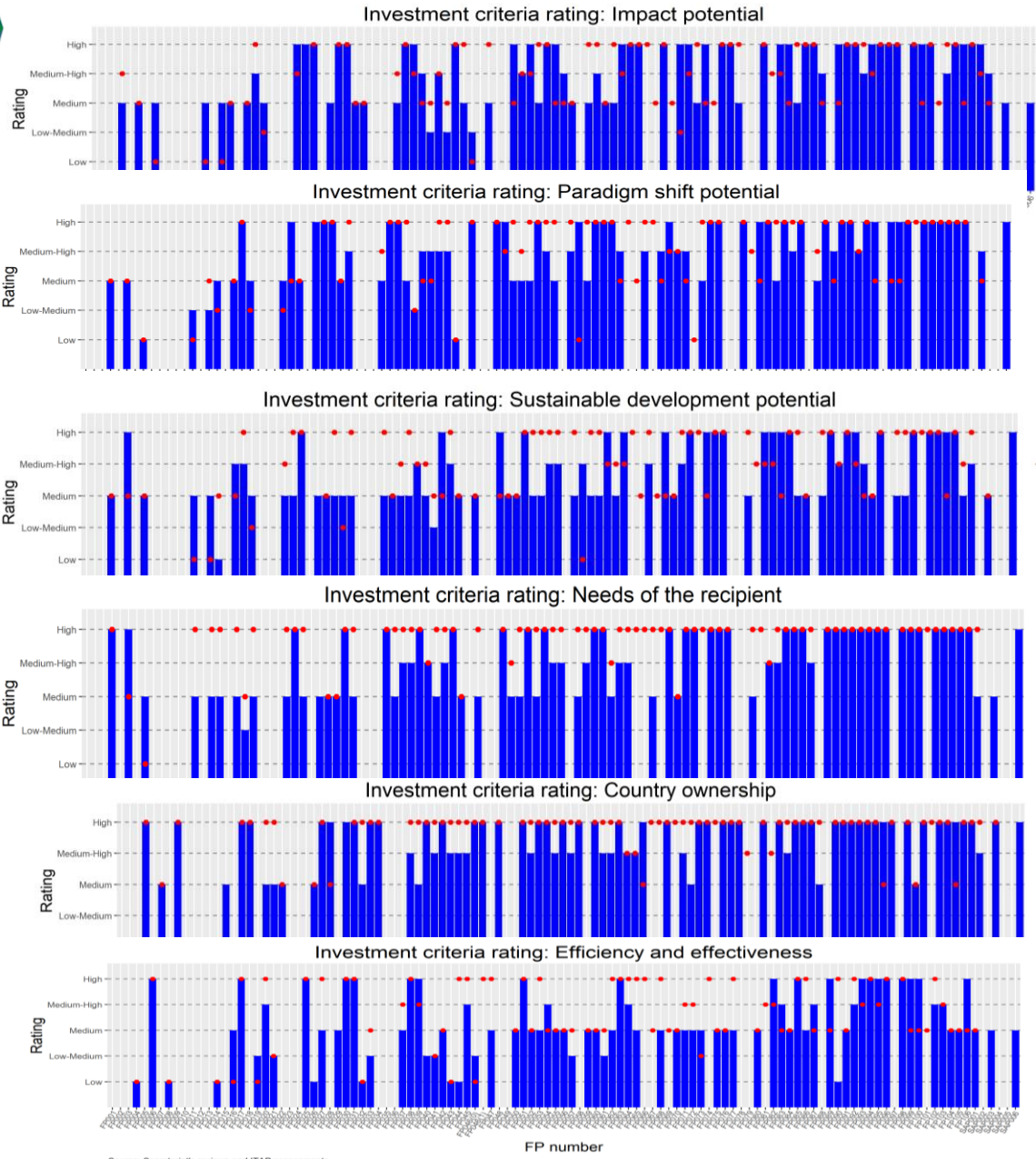
- For paradigm shift – scale is important.
- (As is impact, policy, behavior change.)





INVESTMENT CRITERIA: PRIORITIZING TOOLS FOR BRINGING IN QUALITY PROPOSALS?

- Insufficient variation: not a sharp **prioritization** tool.
- In practice? Long waiting **times**.
- **Quality?**
- **Minimum criteria?**

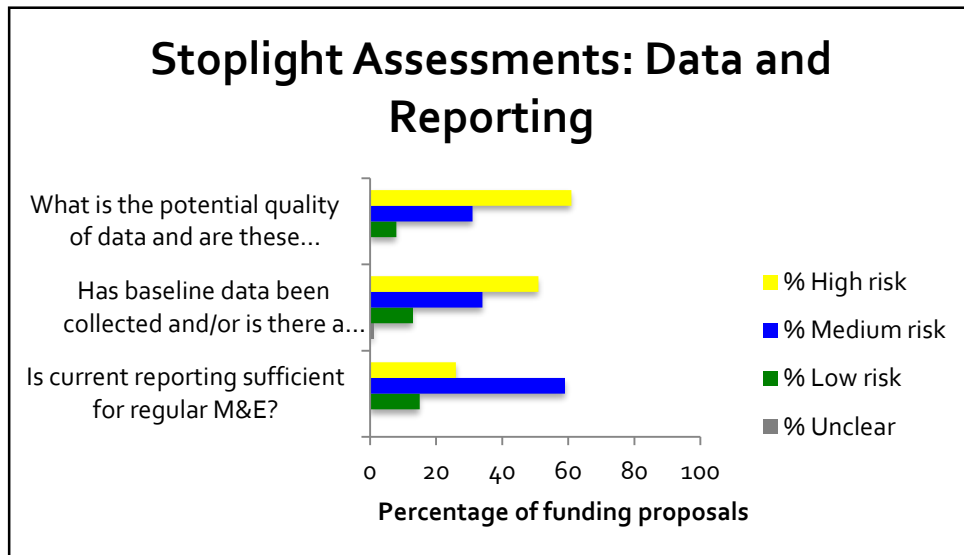


Source: Secretariat's reviews and ITAP assessments
Date: 7 May 2019
Total number of FP: 113
Note 1: FP079 and FP088 are left empty due to missing documents.
Note 2: Others are left empty due to either being given N/A or missing information.





MODEST QUALITY & LIKELIHOOD OF CREDIBLE IMPACT



- More than half did not plan for baseline data collection.
- 63% did not have theories of change.
- 90% will overstate their results.
- All this is within GCF's control.



IV. Key take aways

- **Focused** strategic plan (impact/ innovation)
- **Phased *long term* plan** (~15 years): Reconcile needs, ownership, impact, risk, paradigm shift.
- **Delegated authority** for procedures/guidelines/processes.
- **KPIs** for DAEs, Adaptation/private sector; Quality; Innovation.



RECAP



KEY RECOMMENDATIONS

To deliver better
transition

From **one-size-fits-all, compliance and reactive**
processes

to
a strategic phase that emphasizes **differentiation**
impact and innovation.

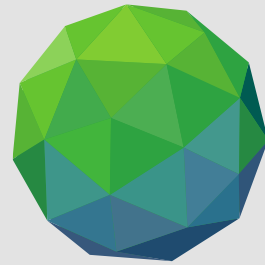


RECAP

Deliver better for developing countries and climate

- **Strategy:** A NEW strategic plan - the GCF as global thought leader and niche (*climate impact*).
- **Business model:** deliver BETTER for TRANSPARENCY, SPEED AND PREDICTABILITY.
- **Focus:** Re-emphasize ADAPTATION and focus on INNOVATION.
- **Enable:** Re-examine and SEPARATE supervision and management of the GCF via delegated authority.





**GREEN
CLIMATE
FUND**

