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LEARNING PAPER SUMMARY:

Assessing the likelihood for transformational change at the Green Climate Fund



The IEU's Learning Paper Series fosters learning and discussion of climate evaluation, finance, and low-emission and climate-resilient development pathways. This 2-page summary provides a quick overview of the IEU's learning paper on the likelihood of transformational change at the Green Climate Fund.

Background

As the world's largest climate finance institution, the Green Climate Fund (GCF) is in the vanguard to drive transformational change through a portfolio of cutting-edge mitigation and adaptation activities. But the effectiveness of this portfolio in contributing to a transformational change is presently uncertain. This uncertainty prompted the Independent Evaluation Unit (IEU) to do an assessment of the likelihood for transformational change at the GCF.

The global climate community lacks a clear, widely agreed definition of what constitutes either transformational change or paradigm shift. In many cases, organizations use both as a metaphor for systemic change. Given the fluid use of these terms within the Fund and elsewhere, the IEU's learning paper refers to both interchangeably.

Approach

Few frameworks exist for practitioners to promote transformational change. Developing and applying such frameworks rely on segmenting the concept of transformational change into smaller attributes. The IEU has identified eight such attributes based on an array of literature that shares some consensus on the concept's necessary elements. The learning paper proposes that different combinations of these attributes can create an enabling environment for transformational change. The paper, therefore, considers it essential to identify the attributes in an investment that may trigger the type of systemic changes necessary for transformational change to occur. Accordingly, the IEU developed a framework of

the eight attributes it considers central to precipitating transformational change. As shown in Figure 1., the learning paper posits that investments must have sufficient **scale** and **depth** of change, **permanence** of change, support for **policy change** and **behavioural change**. Investments should also be **innovative**, moving away from business-as-usual approaches. Climate interventions should display **complementarity and coherence** within the GCF and between climate funds to increase the **scale** of impacts and **depth** of impact per beneficiary. They should also include **demonstration ability**, which leads to replication and scale, potentially increasing the permanence of impact.

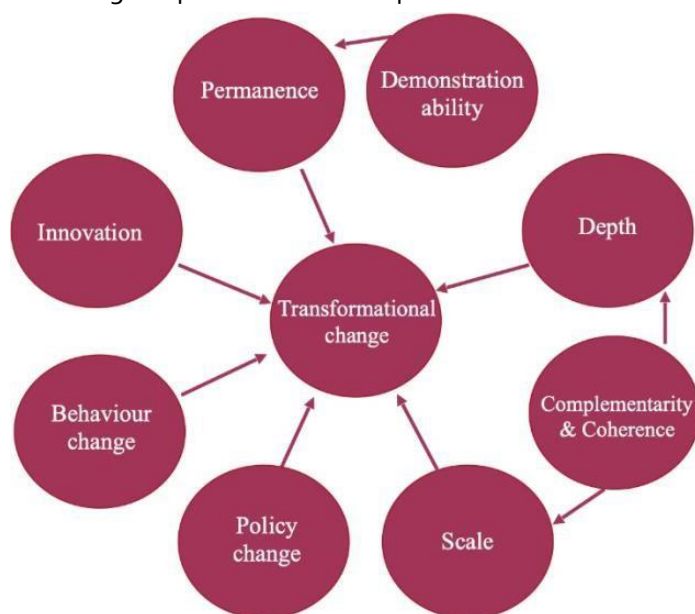


Figure 1. Attributes that may create an enabling environment to support transformational change

¹ The citation for the IEU learning paper discussed in this brief is: Jyotsna Puri, Martin Prowse, Emma De Roy and David Huang (2021). Assessing the likelihood for transformational change at the Green Climate Fund. IEU learning paper, March 2021. Independent Evaluation Unit, Green Climate Fund. Songdo, South Korea.

Overarching questions

Using this framework of transformational change in reviewing 125 GCF investments through to March 2020, the learning paper examines the GCF portfolio for its likelihood of transformation by asking:

- To what extent do current investments fit into the overall framework for examining the likelihood of transformational change?
- To what extent is the GCF's investment portfolio consistent with its aim of promoting a paradigm shift towards low-emission, climate-resilient paradigm-shifting?
- What could the GCF do better regarding project selection and design in the future?

The learning paper conducted its examination through cluster analysis which identifies patterns and substructures within data by grouping observations based on similarity measures.

Findings

Q. To what extent do current investments fit into the overall framework for examining the likelihood of transformational change?

- The GCF portfolio reflected some of the essential eight attributes for transformational change presented in the framework.
- Adaptation projects were most prevalent in the cluster of projects that showed the highest potential for transformational change.
- Projects with the highest potential for transformational change had aspects of permanence, policy change, demonstration ability, and complementarity and coherence.
- Projects with a medium transformational change potential had the highest score for government co-financing, per capita number of direct beneficiaries and behavioural change.

However, projects with the highest transformational change potential lacked high scores for four of the eight attributes necessary for transformational change.

Q. To what extent is GCF's investment portfolio consistent with its objective of promoting a transformation towards a low-emission, climate-resilient paradigm shift?

- The degree to which the GCF's project portfolio may contribute to a paradigm shift is presently unclear.

- The portfolio consists of projects with a mixed ability to contribute to a paradigm shift.
- Distinguishing the GCF's portfolio from comparable institutions is difficult, thus suggesting the GCF is yet to reflect its transformational change ambitions in its project portfolio.

Recommendations

Q. What could the GCF do better regarding project selection and design in the future?

- The GCF can optimize its comparative advantage in adaptation finance by focusing on investments that display transformational change attributes.
- The GCF could develop a clearer road map towards its goals and consider better ways of strongly signalling and calibrating transformational change.
- Providing a clearer road map may encourage higher-quality proposals that better comply with GCF's transformational change expectations.
- Focusing on the quality rather than the quantity of entities' funding proposals may be more useful when considering transformational change.
- The GCF's focus on several results areas makes it challenging for its projects to impact all sectors significantly. A more targeted approach may better leverage transformational change.

Conclusion

Moving forward, the GCF Secretariat can leverage lessons learned within international development as it steers its portfolio composition. By capitalizing on relationships with other climate funds, the GCF can think more systematically about transformational change. The GCF should assess completed projects to measure if projected and realized impacts on transformational change align. This learning paper may also help inform the design of future GCF projects. Waiting until the GCF portfolio starts to realize the overall impact of its portfolio calibrating and changing may be too late for the institution and the world.



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