

SYNTHESIS STUDY: AN IEU DELIVERABLE UNDER THE SECOND PERFORMANCE REVIEW OF THE GREEN CLIMATE FUND¹

BACKGROUND

In 2021, the GCF Board launched the Second Performance Review (SPR) of the Green Climate Fund (GCF). The Board requested the IEU to submit the final SPR report at the first Board Meeting in 2023.

An early component of the ongoing SPR is a synthesis study covering previous IEU evaluations, GCF Secretariat documents and related external literature. This synthesis may inform the SPR's final report, including its findings and recommendations.

The IEU synthesis study has three aims:

- Gather and critically appraise information available during GCF-1.
- Update the Board on information already gleaned from the SPR by synthesizing GCF-1's key findings, conclusions and lessons.
- Identify thematic areas of the SPR that have or lack substantial evidence.

This topical brief summarizes the synthesis study's chapter on key aspects regarding **access to GCF funds**.

ACCESS TO THE GCF

The Governing Instrument specifies how Board-accredited national, regional and international implementing entities can access GCF funds. The instrument also defines the roles of direct and international access. Access to GCF funds through a project-specific assessment approach is under consideration through the Secretariat's Updated Accreditation Framework (UAF). However, the assessment's main objectives remain unclear and, further, the Board is yet to consider its overarching framework.

ACCREDITATION STRATEGY AND APPROACH

Despite GCF's high-level recognition of the importance of entities, it lacks a strategy for accrediting them. The USP also highlights the importance of accredited entities (AEs) but this has

not resulted in the preparation of an accreditation strategy. At the tenth meeting of the Board (B.10), the Board requested the Accreditation Committee to prepare an accreditation strategy that examines issues including "efficiency, fairness and transparency of the accreditation process, as well as the extent to which current and future accredited entities enable the Fund to fulfil its mandate", but no strategy has been presented or discussed since B.14. Without an accreditation strategy, GCF lacks clarity on what should constitute an AE partner, which may weaken the programmatic alignment between AEs and the GCF. Despite the lack of a strategy, the number of AEs seeking accreditation or re-accreditation is increasing and may affect the processing capacities of the Secretariat, Accreditation Panel (AP) and Accreditation Committee and thus potentially risk the GCF's reputation.

ACCREDITATION EFFICIENCY

The accreditation process is protracted and inefficient. The median time for entities to receive Board approval for accreditation has increased during GCF-1 to 1,321 days for entities accredited at B.29 (refer Figure I). Inefficiencies in the process include process design and implementation, AE capacities, and protracted legal negotiations regarding accreditation master agreements. Also, the Board is yet to decide on proposed changes and increased resources for improving accreditation efficiency.

DIRECT ACCESS

During GCF-1, direct access entities (DAEs) comprised nearly 66% of all accreditation approvals, while funding approved through DAEs has increased to 23% from 12% during the initial resource mobilization (IRM). Still, the GCF approved investment portfolio is skewed to international accredited entities (IAEs). Evidence from the IRM and GCF-1 finds a lack of capacity is constraining DAE effectiveness in delivering climate finance. To illustrate: 66% of accredited

¹ This series of Topical Briefs summarize chapters two to seven of the IEU's synthesis study of the GCF's Second Performance Review.

DAEs do not have a funding proposal (FP) and 20% do not have a concept note.

ACCREDITED ENTITY COVERAGE AND ACCESS

The USP’s focus on strategic and sufficient coverage by AEs to meet GCF objectives and match programming gaps is yet to be operationalized. IEU analysis shows only 37% of GCF-eligible countries have DAE coverage. The number of GCF private sector DAEs remains small (7 of 28). And while more private sector funding has gone to DAEs than to their public sector counterparts, these resources are concentrated in a small number of DAEs.

EMERGING OBSERVATIONS FOR THE SPR

Accreditation and direct access have received much attention during GCF-1. But little progress is evident in accreditation processing times, DAE shares of portfolio funding and coverage, and easier programming. The SPR may explore areas including assessing the effectiveness of ongoing Secretariat activities, identifying constraints in operational modalities, and examining the larger picture of GCF’s accreditation strategy (and direct access). New incoming AE data on re-accreditation needs to be captured, especially regarding GCF alignment, IAE and DAE twinning, and the climate finance impact on AEs through GCF collaboration. Other areas for SPR exploration could include:

Strategy. Accreditation has generated a large, diverse AE portfolio. Still, GCF lacks a strategy for defining who it wants to work with to reach its goals – goals such as meeting developing countries’ needs, mobilizing finance through partnerships, enhancing country-GCF collaboration, and developing a thematically and geographically balanced investment portfolio. Evidence is lacking on the Secretariat’s success in better aligning accreditation with country and GCF programming objectives during GCF-1. The SPR could identify strategic considerations for access and accreditation

to inform GCF’s AE network strategy and the strategic plan for the next programming period.

Accreditation and re-accreditation processes.

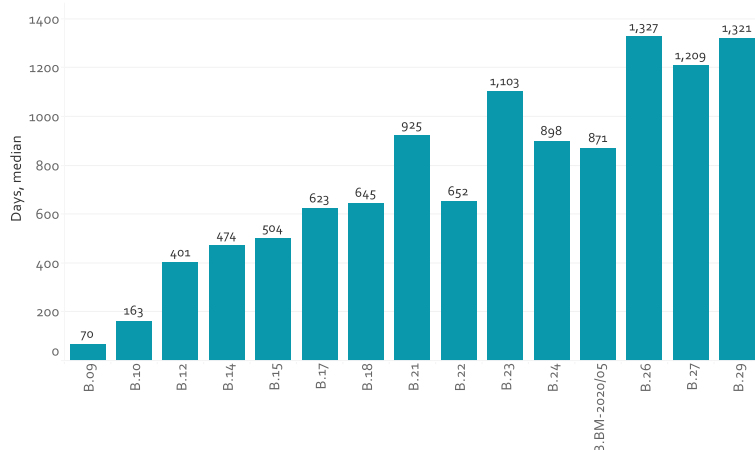
The SPR should summarize the Secretariat’s early accreditation efficiency gains during GCF-1. It should also summarize stakeholders’ perceived difficulties with the capacities and processes of the Secretariat and AP.

The new reaccreditation process also deserves SPR examination, including its criteria, procedures, Secretariat capacity planning and AEs’ views on continued collaboration with GCF.

Direct access. Few DAEs, particularly national ones, have had their FPs approved. The Synthesis raises several strategic issues on direct access for the SPR to explore. Unresolved issues include whether GCF should focus on DAEs that can work at the required scope or focus on capacitating existing DAEs. It would also be useful to know why many DAEs accredited for multiple instruments do not use their accreditation scope. Also, worth examining is how direct access and country ownership are affected by the short- and long-term choices made by NDAs, IAEs, EEs, DAEs and potential DAE candidates. The SPR should also consider why accreditation alternatives and complementary, easier pathways for direct access have not had an impact. Also, the untapped potential in the private sector should be critically appraised.

Capacity building. Multiple programmes and activities support the capacity of DAEs to achieve accreditation, develop programming, and implement GCF policies. However, their effectiveness is not yet obvious. It remains unclear if analysis of recent data from completion reports by GCF’s readiness and preparatory support program can explain the outcomes of its grants for pre-and post-accreditation support. Re-accreditation assessments could also provide insights into IAE support for DAE accreditation and FP development.

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



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

Note: A total of 113 entities have been accredited as of B.30. Duration of each stage: stage I – submission of accreditation application to close of stage I; Stage II – close of stage I to close of stage II (including steps 1 and 2).

