

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 Independent Evaluation Unit (IEU) to submit the final SPR report at the first Board Meeting in 2023.

An early component of the ongoing SPR is an IEU 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 **programming in the GCF**.

PROGRAMMING IN THE GCF

The GCF uses a suite of operational modalities to support its programming cycle. They range from readiness and planning support and direct project and programme requests to appraisal and approval processes. These processes are critical to how the GCF promotes quality, paradigm shifting, and impact potential in funding proposals (FP) and the successful delivery of its Updated Strategic Plan (USP).

IMPROVING PROCESS EFFICIENCY, EFFECTIVENESS AND TRANSPARENCY

The Secretariat's efforts to increase efficiency and transparency are progressing. But the Secretariat's staffing constraints and reactive nature hamper its ability to meet USP targets. In setting its annual work programme, the Secretariat acknowledges

trade-offs between efficient processing and quality of review.

PROGRAMMING AND PIPELINE DEVELOPMENT

Country programmes (CPs) are yet to fully identify areas of highest impact and paradigm shift potential, develop a country-owned climate action pipeline and strategically use the GCF's Readiness and Preparatory Support Programme (RPSP). Many evaluations recommend the GCF reassess its country programming.

Entity work programmes (EWPs) have also failed their potential. CPs and EWPs lack sufficient alignment, with tensions occurring over prioritizing projects.

The RPSP has created clear, albeit uneven, successes. RPSP progress is dependent on several in country factors, including vulnerability, prior readiness support, institutional capacity, the strength of national leadership and high level government commitment. But its country level impact is sometimes unclear. Overall, the RPSP's effectiveness is not assessed and thus unknown.

PROPOSAL DEVELOPMENT AND SUBMISSION

Project Preparation Facility (PPF). Although processing PPF requests is slow, DAE use of the PPF is increasing. The Secretariat has enhanced DAE support through independent project preparation services. However, the services' effectiveness is unknown.

Simplified approval process (SAP). The SAP has wide stakeholder support but is yet to streamline the approval process fully. Also, the independent Technical Advisory Panel (iTAP) review is insufficiently aligned with the SAP.

Requests for proposals (RFPs). The four RFPs issued have been largely ineffective in generating viable FPs or increasing access for national entities and the private sector. The Secretariat plans to improve the RFP's implementation and operationalization.

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

Private Sector Facility (PSF). The PSF's strategies for engaging the private sector are critical. But despite its efforts, the number of private sector accredited entities (AEs) remains limited. Factors constraining engagement include the GCF's reactive business model, lack of DAE engagement and slow project approval.

Programmatic approaches. These can play a key role in the GCF portfolio, but the Board is yet to approve the relevant policy. Clear guidance will assist in meeting country needs and reducing submission costs. Programmes are more complex to design and manage.

Adaptation and particularly vulnerable countries. Adaptation received almost 50% of funding during GCF-1. But challenges remain in supporting adaptation in the most vulnerable countries, with 59 of them yet to receive adaptation finance. Local capacity remains a chief barrier for least developed countries and small island developing states needing adaptation funding.

APPRAISAL AND APPROVAL PROCESSES

The Secretariat has developed initiatives for addressing concerns that the project appraisal and approval cycle is bureaucratic, inconsistent, non-transparent and lengthy (for the latter, refer to figure I). Many of these initiatives are still with the Board.

The GCF's broad investment criteria have caused inconsistencies in defining and operationalizing them. Documenting climate rationale embedded in project impact potential is problematic.

Concerning the iTAP, one study found that GCF stakeholders view the panel as important in validating GCF's credibility, but stakeholders expect it to be more transparent and consistent.

Regarding the GCF's environmental and social safeguards (ESS), the Secretariat is tailoring them to fit the GCF's specific needs better. However, concerns that multilateral development banks' ESS may circumvent GCF's safeguards remain unresolved by the Board.

On gender, FPs comply with the gender policy, but gender outcomes remain unassessed. The GCF has not yet sufficiently responded to the UNFCCC's Conference of the Parties request to enhance consideration of local knowledge and indigenous peoples.

EMERGING OBSERVATIONS FOR THE SPR

The synthesis study highlights the following elements on programming that the SPR might consider exploring further.

Strategy in operationalizing the GCF mandate.

Many key strategic questions remain unanswered about how to operationalize the GCF mandate. Different groups interpret priorities differently, leading to inconsistencies and inefficiencies. Some of the questions the SPR could consider include: what opportunities exist for the GCF to recalibrate and further articulate its core purpose, scope, boundaries and priorities and how effectively the investment framework is helping the GCF realize its mandate.

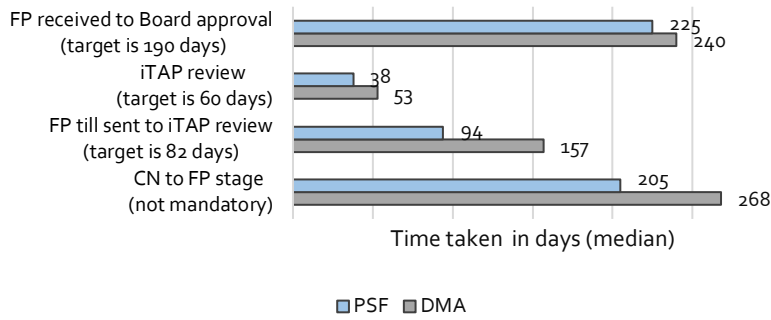
Country and entity work programmes. The SPR could explore if CPs and EWPs are effective tools for achieving their goals and fulfilling their long term role in GCF programming. The SPR could also consider how country needs are anticipated to change over time and how these changes might affect the GCF's country level programming. This line of reasoning might also be relevant to GCF's growing organizational maturity and CP/EWP linkages to other operational processes within the GCF.

Readiness and preparatory support and pipeline development. Issues for the SPR to explore could include how extensively support activities, such as those delivered by the RPSP and PPF, are helping to create a pipeline of FPs and stronger institutional capacities. The SPR could consider the strategic alignment of FPs along a continuum, from stimulating and developing new project ideas that best suit GCF priorities to tailoring existing concepts or proposals.

Operational modalities. The SPR could consider GCF's broader strategy by building on recent evaluations of modalities such as RFPs and SAP. It could ask if an RFP or SAP modality fulfils a longer term need? Or whether they are interim approaches until AEs and national designated authorities (NDAs) become familiar with requirements and goals and processes become more streamlined? If continued long term, how similar or different should assessment criteria be? Ultimately, the SPR could examine if these modalities solicit the types of projects that move the GCF away from a reactive, supply-driven model.

Gender and social inclusion. The synthesis found gender requirements are being met, but quality varied. Thus, the effectiveness of GCF's gender and social inclusion efforts remains uncertain. The SPR could conduct an in-depth analysis describing and assessing how FPs address gender and social inclusion issues.

Figure 1. Time analysis for project review process



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

Note: The target number of days for each review phase are indicated in the programming manual.

Population of projects: Board approved FPs = 190; pipeline of FPs = 79; pipeline of concept notes (CN) = 362