

## SYNTHESIS STUDY: AN IEU DELIVERABLE UNDER THE SECOND PERFORMANCE REVIEW OF THE GREEN CLIMATE FUND<sup>1</sup>

### 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 report synthesizing 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 findings of the synthesis study's chapter on **Implementing and managing for risk and results**.

The GCF portfolio of investments is anticipated to triple by 2023 relative to the initial resource mobilization (IRM). This increase will require systems for managing the portfolio for results, risk and knowledge.

### MEASURING AND REPORTING RESULTS

During GCF-1, the GCF emphasized the importance of results measurement and reporting by adopting an Integrated Results Management Framework (IRMF). The IRMF is yet to be fully assessed, but initial reviews identify improvements compared to the Results Management Framework. These include a more systematic approach to results measurement, focusing on higher level results, and aligning with the GCF's investment framework. The IRMF is expected to start applying to projects and programmes submitted for approval at the thirty-second meeting of the Board (B.32).

The quality of results measurement, reporting and evaluation during project and programme implementation has been poor. GCF-1 saw progress in addressing these issues but the effect of limited GCF oversight during the initial years of project approvals persists in the current portfolio. This could affect GCF's ability to account for its results at the end of GCF-1 credibly.

IEU evaluations and Secretariat reviews identified widespread shortcomings in project level monitoring and reporting. An initial phase of remedial measures received Budget Committee support. A second phase will be required to apply the corrective monitoring and evaluation measures.

The Secretariat has reassessed ex ante estimates of reductions in greenhouse gas emissions to improve the credibility of aggregated Fund level results for projects approved through B.24. Similar efforts are planned for adaptation. Various studies have found weaknesses in calculating and aggregating the number of GCF beneficiaries. Mixed views prevail among international and direct access entities regarding monitoring, reporting, and evaluation quality. Current efforts to improve results measurements and reporting are not enough to demonstrate a clear and credible accounting of aggregate results at the end of GCF-1.

The GCF urgently needs a system that improves the quality of the readiness and preparatory support programme's (RPSP) monitoring and reporting of results.

### MANAGING FOR RESULTS AND RISK DURING IMPLEMENTATION

While AEs hold first-level responsibilities, the Secretariat also has an increasingly important role in managing the risks and results associated with the readiness and funded activity portfolios. The GCF is yet to operationalize the tools for ensuring an adequate control function, although the Secretariat's activity reporting during GCF-1 indicates increased attention to optimizing implementation and adaptive management. Tools pending include an early

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

warning system based on risk flags for projects and AEs, ad hoc project checks and a risks-based annual review of selected projects and programmes.

Limited independent assessment is available on how effectively GCF systems identify and mitigate risks, ensure adherence to GCF requirements, and manage for results during implementation. Appraisals of re-accreditation show a mixed implementation performance by some AEs.

IEU evaluations have found limited oversight of AE reporting on GCF's environmental and social safeguards (ESS). This is also true of compliance with funded activity agreements: not all covenants are monitored, which has implications for effective risk management. The caseloads of the Independent Integrity Unit and Independent Redress Mechanism are too limited to draw any conclusions on effectiveness of GCF systems for identifying and mitigating risks.

## KNOWLEDGE AND LEARNING

The GCF is in the early stages of its knowledge management practices, which is broadly consistent with its organizational maturity. Some actions are moving towards more strategic systematization of knowledge management, including the Secretariat's 2020 adoption of a knowledge management strategy and action plan. But the level of implementing and institutionalizing the knowledge management strategy and action plan is not yet clear. With the GCF's portfolio rapidly growing, an important opportunity is emerging to share lessons learned, implement project evaluations and impact assessments, and conduct dialogues that guide national designated authorities, AEs and implementing partners towards more relevant, effective, sustainable and paradigm shifting interventions.

## EMERGING OBSERVATIONS FOR THE SPR

Based on the critical appraisal and synthesis of existing documentation and evidence, the SPR could explore the following areas further.

**IRMF.** The IRMF will be applied to projects starting later in 2022. The SPR will thus be unable to assess how effectively the IRMF improves GCF's

measurement and reporting of results. This is also true for the impending Readiness Results Management Framework. However, the SPR could include an ex ante assessment of the IRMF that includes, for example, a review of when and how projects report against core outcome and impact indicators.

**Reliability of GCF results reporting.** A credible accounting of aggregate results is critical to informing the GCF's second replenishment; however, the synthesis queries the GCF's ability to deliver on this. Also, concerns exist about the quality of project level monitoring and evaluation (M&E), with implications for the reliability of GCF results reporting. The SPR should better understand the effectiveness of the Secretariat's remedial actions on M&E frameworks in IRM projects. It could also explore if funding proposals (FPs) approved during GCF-1 have better M&E plans than FPs approved during the IRM.

**Lack of results monitoring and reporting for the RPSP.** The RPSP's M&E results are limited mostly to inputs and outputs and lack quality reporting. The SPR could consider how M&E issues affect programme relevance, effectiveness and efficiency. It could also study how current and planned Secretariat measures could address M&E shortcomings and better support managing results and learning among RPSP grants.

**Risk management.** Given the limited independent assessment available, the SPR could focus on how effectively GCF "control" systems, such as compliance measures, risk management, ESS and others, are mitigating risk and helping to achieve expected results. The SPR could also examine how integrated these systems are across the Secretariat.

**Knowledge management.** The developing and institutionalizing of knowledge management practices remain nascent. Responsibilities are unclear, and limited knowledge exists on gathering and sharing information. These factors restrict the SPR's ability to assess the effectiveness of GCF's knowledge management practices. Instead, the SPR might focus on where the GCF could strive to be on knowledge management and partnership by the start of GCF-2, based on benchmarking and best practices.

### *Contextualizing knowledge management maturity at the GCF*

A comparison of knowledge management (KM) practices at selected international organizations suggests the GCF's KM development is consistent with or faster than other institutions:

- A 2020 evaluation by the Global Environment Facility's (GEF) Independent Evaluation Office notes that KM activities have been sporadic since its 2011 inception. Despite improvements in knowledge capture, development and sharing, gaps remain, including a need to optimize project level KM and the lack of a current KM workplan or strategy.
- A 2021 evaluation of learning and knowledge management (LKM) at the European Bank for Reconstruction and Development (EBRD) found that LKM is not embedded in EBRD's core business processes, and that LKM objectives have never been clearly articulated. It also found that the LKM function lacks top-level leadership and is largely perceived as a cost.
- The International Fund for Agricultural Development (IFAD) has institutionalized strategic KM. This includes a Knowledge Management Strategy for fostering knowledge development in areas IFAD wants to be a global leader. IFAD's KM strategy outlines three action areas: (1) knowledge generation (2) knowledge use (3) enabling environment.
- The Asian Development Bank's Independent Evaluation Department found that despite the Bank's status as a widely respected leader in the development community, several issues may affect the delivery of knowledge solutions envisaged in its Strategy 2030. These include strong departmental silos limiting collaboration and gaps in the measurement and communication of knowledge.

Sources: GEF IEO (2020); EBRD Evaluation Department (2021); IFAD (2019); Asian Development Bank (2020)