

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 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 the synthesis study's chapter on GCF's **institutional architecture and performance**.

The GCF's Governing Instrument lays out the Fund's institutional architecture and provides for the Board's constitution and the establishment of the Secretariat, Trustee and three independent units. The Board supervises GCF's governance, and the Secretariat oversees management and operations. The broader GCF partnership of principal stakeholders includes accredited entities, national designated authorities, focal points, civil society organizations (CSOs), private sector organizations, vulnerable groups, indigenous people and women (Figure 1).

GOVERNANCE

The Board's performance in governing the GCF has received limited assessment. The IEU's SPR synthesis presents evidence of the Board's performance using four widely used indicators of good governance:

Effectiveness. The Board has made some progress with its 2020–2023 work programme during GCF-1 but has struggled to implement its policy agenda fully. Approving the Updated Strategic Plan (USP) at the twenty-seventh meeting of the Board (B.27) was a significant accomplishment. Still, due to COVID-19 causing a shift to virtual meetings that hampered policy formulation and discussion, many critical policy and strategy gaps remain. Despite policy delays, during GCF-1, the Board continues to fulfil its administrative and funding tasks, such as approving funding proposals, accreditations and re-accreditations, and internal GCF workplans and budgets.

Efficiency. Evidence suggests Board efficiency is affected by consensus-based decision-making and a lack of agreement among Board members. However, new procedures for decision-making between meetings and voting in the absence of consensus are improving efficiency. Nonetheless, the Board often faces challenges on procedural and substantive items.

Representation and voice. The GCF compares well to other international organizations regarding representation. It is one of the few major international organizations to embrace a strong role for CSOs and the private sector. Still, weaknesses identified since 2016 include a lack of financial support for observers from developing country CSOs and insufficient direct representation for indigenous peoples.

Accountability. The synthesis found little independent assessment of the Board's accountability. In contrast, the Secretariat is now reporting on its performance. Other accountability practices include live streaming of Board meetings, better information disclosure during GCF-1 and the independent units.

THE GCF SECRETARIAT AND PARTNERSHIPS

The Secretariat is optimizing operations, increasing staffing and enhancing GCF internal structures, business processes and systems. Externally, it is improving partner alignment with GCF's strategic

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

vision. A Secretariat commissioned independent study suggests staff significantly increased their productivity following a commitment to overtime and new efficiency measures. Organizational structural changes are still in progress, with the Board asking the Secretariat to include a review of its structure with its strategic plan for GCF-2.

Regarding developing GCF's broader partnerships, since 2020, the Secretariat has defined clearer roles and responsibilities for partners and moved away from a "one-size-fits-all" partnership model. These actions may address some concerns raised by evaluations but will require validation in the SPR. The USP's emphasis on country ownership saw an increase in initiatives to support countries. But updated standards and guidelines for country ownership and engagement are still missing.

EMERGING OBSERVATIONS FOR THE SPR

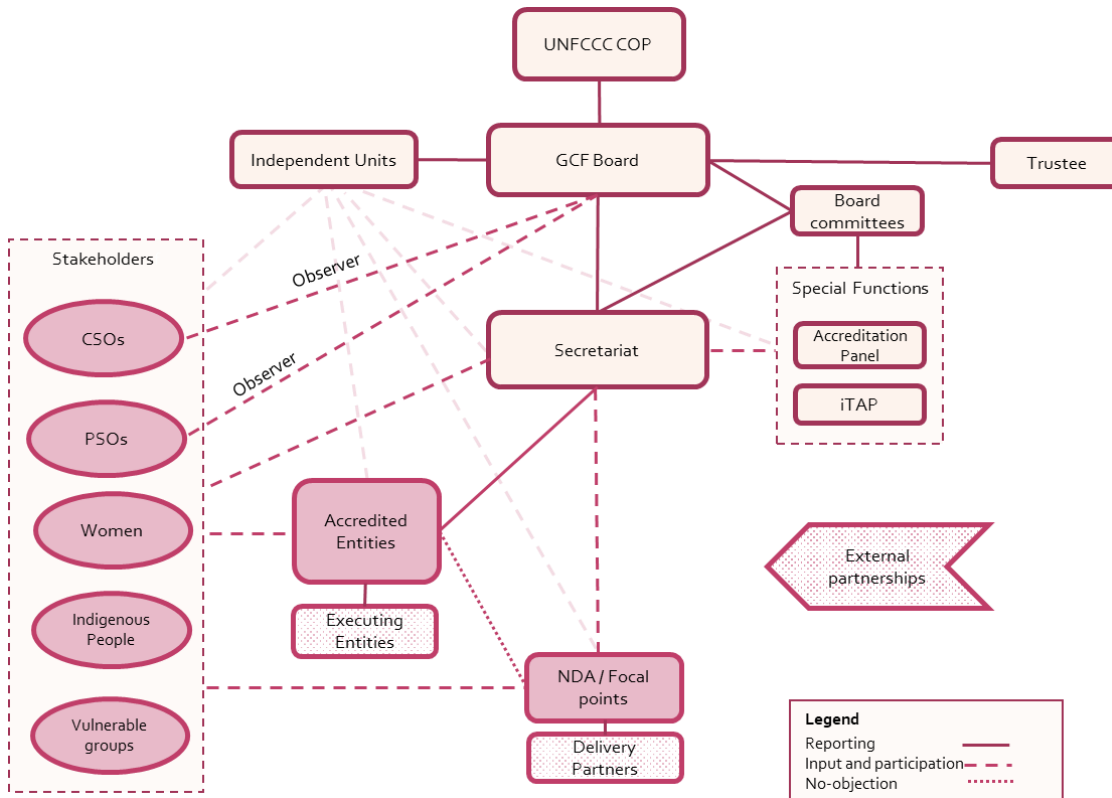
The synthesis study of the GCF's institutional architecture and performance highlights the following elements the SPR might consider exploring further.

Governance. The SPR might explore the reasons for the slow progress in policy-setting. This examination might look at how other international institutions implement governance and measure governance performance regarding effectiveness, efficiency, representation and voice, and accountability. The Board and Secretariat's relationship is an area of possible interest. The SPR could explore how effectively the Secretariat has been working with the Board to implement the Board's 2020–2023 workplan and how the division of labour has evolved between the Board, Board Committees, the Secretariat, and other relevant panels and groups.

Secretariat. With the recent completion of an external review of the Secretariat's capacity to fulfil the USP's requirements, the SPR can take a more targeted approach. The SPR could assess the relevance and sufficiency of the GCF's ongoing reform processes for delivering its mandate, its adaptation to the needs of a maturing organization and its response to the changing climate finance context. The SPR could also assess how the Secretariat has operationalized and adapted its management approach in response to the USP. This assessment could look at the introduction and incentivization of cross-divisional reviews and cooperation, innovation and risk-taking. It could also include a critical analysis of USP programming and operational targets for the Secretariat and how these align with and influence the achievement of broader strategic objectives.

Broader partnerships. The synthesis raises two key questions regarding the GCF's broader partnership model. First, is the GCF partnership model well defined and understood? Second, is the GCF suitably structured and sufficiently incentivized to effectively manage these partnerships to support the achievement of its mandate, including catalysing climate finance and supporting paradigm shift? Another area of exploration might look at how Secretariat business processes are oriented towards the diversity of national designated authorities, accredited entities and other partners and how aligned these processes are with country or regional differences. In other words, is the GCF moving away from its "one-size-fits-all" model for partnering countries and entities, as recommended by the Forward-looking Performance Review?

Figure 1. Partners and stakeholders in the GCF Institutional Architecture and their relationships



Sources: Based on Forward-looking Performance Review Figure III-1

Note: FPR Fig. III-1 was expanded to include GCF special functions associated with the Secretariat and the Board (AP, Climate Investment Committee, iTAP, Board committees) and other partners for country support (delivery partners and regional advisors) and for coherence and complementarity (external partnerships).