

## 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 the synthesis study's chapter on **complementarity and coherence**.

The GCF is mandated through its Operational Framework to enhance complementarity and coherence at the institutional and national levels.

### GLOBAL AND INSTITUTIONAL LEVEL

The GCF is the largest multilateral climate fund and has a high level of legitimacy and convening power. However, some studies suggest the GCF is not optimizing its full potential. For example, recent IEU studies found the GCF could improve its convening and catalytic power in adaptation to pursue greater coordination and develop and share best practices.

The synthesis did not find clear evidence of the GCF sufficiently articulating its value added relative to the wider climate and development finance landscape. Despite its size, the GCF represents only a small fraction of overall climate finance flows (refer to figure I). And because the GCF has a broad mandate, there is potential for complementarity,

duplication or misalignment with a range of other public and private climate finance actors and activities, depending on the approach taken.

At the institutional level, the GCF has identified steps towards aligning and integrating with like-minded multilateral climate funds. The Secretariat has reported significant efforts made with the Global Environment Facility and the Adaptation Fund to begin coordinating processes and planning objectives. These efforts include early joint programming and capacity-building activities at the global, regional and national levels. Proactive institutional engagement with other climate funds and development finance institutions remains nascent.

### COUNTRY AND ACTIVITY LEVEL

Annual reporting to the GCF Board describes efforts to mainstream coherence and complementarity into GCF activity level processes, such as the Operations Manual for the Project and Programme Lifecycle, Programming Manual and guidelines for entity work programme. The Secretariat also reports that at least six countries have received direct support to develop complementarity and coherence approaches to programming. Multiple examples of GCF projects that appear either complementary to or coherent with other climate finance projects have been identified through GCF and external studies.

Overall, the synthesis did not find strong evidence of the transmission mechanism from high level institutional objectives and processes to country level outcomes. The recent IEU evaluation of least developed countries found no systemic approaches to coherence and complementarity in the countries reviewed. While GCF projects are generally aligned with at least one national policy or plan, the GCF does not appear to have a coherent approach to supporting programmatic implementation and financing of nationally determined contributions, national adaptation plans and sector strategies, either within its own portfolio or alongside other partners.

<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.

## OPERATIONAL FRAMEWORK

The reporting against the Operational Framework shows some loose application in terms of the definition and usage of the terms “complementarity” and “coherence”. There is evidence that the reporting boundaries between the framework’s pillars are not precise. Collectively, this suggests some level of uncertainty in boundary definitions, concepts or availability of evidence.

## EMERGING OBSERVATIONS FOR THE SPR

Based on a review of progress to date, identification of current challenges and areas of weaker evidence, the following topics might be explored further as part of the SPR.

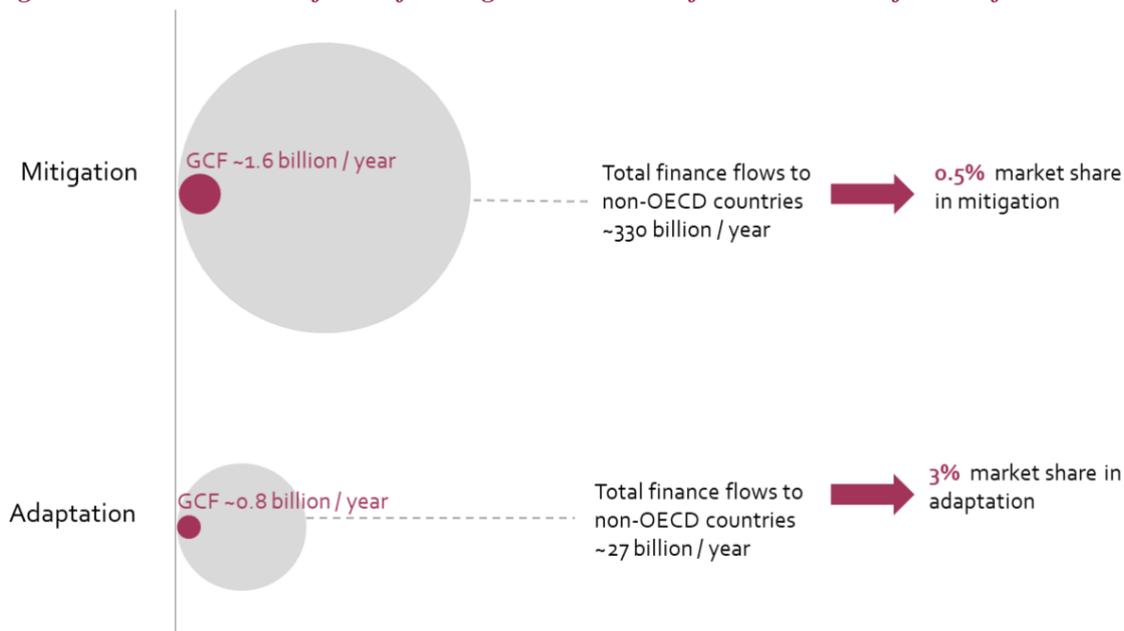
**Comparative advantage.** This could include assessing whether the GCF should seek to better articulate and systematically leverage its comparative advantages in positioning itself relative to other funds. For example, should the GCF be doing more or less regarding constrained funding? What competencies are better suited to other climate finance institutions and programmes? Do the GCF’s scale and profile give it the capacity and legitimacy to act as a driving force in shaping complementarity and coherence within multilateral climate finance? What might limit its convening power and ambition at the global and country levels?

**Institutional engagement beyond climate funds.** The GCF’s coordination at the multilateral level is well documented, but many other partners are

moving substantial climate finance at the country level. What lessons do existing GCF efforts on coherence and complementarity offer to inform engagement beyond multilateral climate funds? Specifically, how effectively does the GCF interact with other financing institutions, such as bilateral donors, multilateral development banks, development finance institutions and private sector partners? And what cross-institutional efforts are being made regarding knowledge and learning at the institutional level?

**Bridging global/institutional and country/activity levels to drive national paradigm shift.** The synthesis found that the Operational Framework’s pillar two had limited information on the transmission mechanisms that could encourage country and project level complementarity and coherence. This issue has the potential for further SPR exploration. For example, how might these mechanisms be improved to strengthen national collaboration and alignment? How can readiness and preparatory support be better utilized to this end? How might more direct engagement and systematic financing of national climate and sector policy objectives be encouraged, such as nationally determined contributions, national adaptation plans and sector strategies? How do complementarity and coherence agendas engage with the country ownership approach? And how does the GCF link the mandate on complementarity and coherence to others, such as those related to the private sector?

*Figure 1. Relative scale of GCF funding in the context of overall climate finance flows*



Sources: Tableau server iPMS data, as of B.30 (8 October 2021), Climate Policy Initiative – Climate Finance Landscape 2019, analysis by IEU DataLab