



**GREEN
CLIMATE
FUND**

Independent
Evaluation
Unit



**TRUSTED EVIDENCE.
INFORMED POLICIES.
HIGH IMPACT.**

REPORT OF THE SYNTHESIS STUDY

An IEU deliverable contributing to the Second
Performance Review of the Green Climate Fund

EXECUTIVE SUMMARY

March 2022

GREEN CLIMATE FUND
INDEPENDENT EVALUATION UNIT

Report of the Synthesis Study

AN IEU DELIVERABLE CONTRIBUTING TO THE SECOND
PERFORMANCE REVIEW OF THE GREEN CLIMATE FUND

EXECUTIVE SUMMARY

03/2022

© 2022 Green Climate Fund Independent Evaluation Unit
175, Art center-daero
Yeonsu-gu, Incheon 22004
Republic of Korea
Tel. (+82) 032-458-6450
Email: ieu@gcfund.org
<https://ieu.greenclimate.fund>

All rights reserved.

First Edition

This evaluation is a product of the Independent Evaluation Unit at the Green Climate Fund (GCF/IEU). It is part of a larger IEU effort to provide open access to its research and work and to make a contribution to climate change discussions around the world.

While the IEU has undertaken every effort to ensure the data in this report is accurate, it is the reader's responsibility to determine if any and all information provided by the IEU is correct and verified. Neither the author(s) of this document nor anyone connected with the IEU or the GCF can be held responsible for how the information herein is used.

Rights and Permissions

The material in this work is copyrighted. Copying or transmitting portions all or part of this Report without permission may be a violation of applicable law. The IEU encourages dissemination of its work and will normally grant permission promptly.

The IEU reserves the right to edit text for brevity and clarity in subsequent reprints.

Citation

The details of the citation for this evaluation is:

Independent Evaluation Unit (2022). *Report of the Synthesis Study: An IEU deliverable contributing to the Second Performance Review of the Green Climate Fund*. (March). Songdo, South Korea: Independent Evaluation Unit, Green Climate Fund.

Credits

Head of the GCF Independent Evaluation Unit a.i.: Mr. Andreas Reumann

Task manager: Dr. Archi Rastogi, Evaluation Advisor *a.i.*, Independent Evaluation Unit

Editing: Beverley Mitchell

Layout and design: Giang Pham

Cover photo: Deforestation in the Amazon rainforest for pasture, livestock and soy farm, Brazil,

©PARALAXIS/Shutterstock

A FREE PUBLICATION

Printed on eco-friendly paper

CONTENTS

ABBREVIATIONSIV

EXECUTIVE SUMMARY 1

A. Introduction3

B. Synthesis findings.....3

1. Access to the GCF.....3

2. Programming in the GCF.....5

3. Implementing and managing for risk and results7

4. Progress towards achieving impact.....8

5. Institutional architecture and performance.....9

6. Complementarity and coherence.....11

C. Emerging observations for the SPR.....12

ABBREVIATIONS

AE	Accredited entity
B.29	Twenty ninth meeting of the Board
CP	Country programme
DAE	Direct access entity
ESS	Environmental and social safeguard
EWP	Entity work programmes
FP	Funding proposal
GCF	Green Climate Fund
IAE	International accredited entity
IEU	Independent Evaluation Unit
IRM	Initial resource mobilization
IRMF	Integrated Results Management Framework
NDA	National designated authority
RFP	Request for proposals
RPSP	Readiness and Preparatory
SAP	Simplified approval process
SPR	Second Performance Review
UAF	Updated Accreditation Framework
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollar
USP	Updated Strategic Plan

EXECUTIVE SUMMARY

A. INTRODUCTION

Through decision B.BM-2021/17, the Board of the Green Climate Fund (GCF) launched the Second Performance Review (SPR) of the GCF. This review covers the GCF-1 programming period. The Independent Evaluation Unit (IEU) will conduct the SPR to inform, among other things, the update of the Updated Strategic Plan for the Green Climate Fund: 2020–2023 (USP) for the GCF-2 programming period. An early component of the SPR is this synthesis report, which presents a synthesis of previous IEU evaluations, GCF Secretariat documents and reports, and related external literature from the GCF-1 period (2020–2023). As a result, this synthesis report is a substantive product of the SPR; it may inform the final report of the SPR and the findings and recommendations to be contained therein.

This synthesis report serves to update the GCF Board on the SPR by synthesizing the key findings, conclusions and lessons of the documents and evaluations available in GCF-1, where possible comparing the lessons of GCF-1 with those from the initial resource mobilization (IRM). The report also serves to provide emerging observations for the design and conduct of the SPR. Specifically, the synthesis will inform the methods and thematic areas for the SPR, by identifying areas where there is already substantial evidence and areas where there are knowledge gaps.

The synthesis is first and foremost a desk study – with nearly 200 documents reviewed in detail – complemented by a limited set of interviews and updated data analyses. The synthesis uses the methodological framework of grounded theory¹, with a meta-ethnographic lens that considers the GCF institutional context, country context, policies and processes, and institutional relationships and dynamics. This approach ensures that data collection, synthesis and theory-building are done in an emergent yet structured way, enabling the synthesis to produce new interpretations and narratives beyond simply aggregating findings and evidence in the documents reviewed. The synthesis report also provides relevant updated figures, prepared by the IEU DataLab. The data available to the IEU include the period up to B.30, which was held in early October 2021.

This report is complemented by a concurrent IEU report assessing progress made against the strategic and operational priorities and actions outlined in the USP. Therefore, this report addresses the USP in a more indirect way.

B. SYNTHESIS FINDINGS

1. ACCESS TO THE GCF

Access to Fund resources through national, regional and international implementing entities accredited by the Board is provided for in the GCF’s Governing Instrument, and emphasized in the USP through strategic priorities on “improving access to Fund resources” and “strengthening country ownership of programming.”

Accreditation strategy and approach. The need for an accreditation strategy emerged during the IRM and intensified in GCF-1. Yet the GCF continues to lack a strategy on accreditation – a shortcoming that the USP and proposed Updated Accreditation Framework only partially address. While the USP provides high level direction for a more strategic approach to accreditation, it stops short of calling for an accreditation strategy or targets for the accredited entity (AE) network (Independent Evaluation Unit, 2020b). The draft Updated Accreditation Framework submitted for

¹ See, for example: Strauss, A. & J.M. Corbin (1997). *Grounded Theory in Practice*. Sage Publications.

the twenty-ninth meeting of the Board (B.29) remained unopened. As submitted, it is likely to leave strategic questions unanswered, such as a vision for a portfolio of AEs that will support meeting its mandate. Indeed, numerous independent evaluations and Secretariat reviews – in the IRM as well as in GCF-1 – have called for a more strategic approach to accreditation in the GCF. The Secretariat’s 2022 work programme sees “critical levers [that] remain in the Board’s hands through ... decisions on [AE] prioritization and an accreditation strategy” (GCF/B.30/09). A project-specific assessment approach has also been under consideration for three years but does not yet have final Board approval; the main objectives of the approach remain unclear.

The lack of an accreditation strategy continues to create stress points within the GCF partnership. These relate partly to focusing and streamlining accreditation efforts (GCF/B.28/Inf.10/Add.03), and to resolving tensions within the multiple and sometimes conflicting goals of the accreditation function (Independent Evaluation Unit, 2020b). In the absence of a strategic vision for accreditation, it is unclear what the composition of the GCF’s medium- and long- term AE network should be, including its size and distribution/mix. Growth in the number of AEs continues to be supply-driven, with implications for capacity demands on the Secretariat, Accreditation Panel and Accreditation Committee, and potential reputational risk if the GCF accredits more AEs without a parallel growth in resources.

Accreditation efficiency. The accreditation process is protracted and inefficient, and the process has not become more efficient since the IRM period (Independent Evaluation Unit, 2020b; Independent Evaluation Unit, 2019a; GCF/B.20/17, Annex IV; Independent Evaluation Unit, 2018a; Independent Evaluation Unit, 2019b; Independent Evaluation Unit, 2020d). The median time taken by entities from submission of application to receiving Board approval has increased in GCF-1, with the median duration being 1,321 days for entities accredited at B.29. Three factors contribute to inefficiencies in the accreditation process: (1) process design and implementation, (2) AE capacities, and (3) protracted legal negotiations for completing the accreditation master agreements (Independent Evaluation Unit, 2020b). The Secretariat is also processing increasing pipelines for accreditation and re-accreditation while proposed changes and resources for higher accreditation efficiency are stalled in the Board.

Direct access. So far in GCF-1, direct access entities (DAEs) constitute an increasing proportion of AEs (nearly two thirds of all AEs approved for accreditation). In addition, the proportion of funding approved through DAEs has almost doubled in GCF-1 compared to the IRM (23 per cent, up from 12 per cent). Still, the approved project portfolio remains skewed towards international accredited entities (IAEs) and a relatively small number of DAEs. DAEs are also underrepresented in the pipeline of funding proposals (FPs). Simulations by the GCF Secretariat and the IEU indicate tensions between the goal of increasing the DAE portfolio share and other GCF programming goals. An emerging DAE Action Plan, introduced by the Secretariat at B.29, aims to help meet the direct access objectives of the USP and the principle of country ownership; the effectiveness of this plan is not assessed in this synthesis.

Timing issues, weak capacities and country preferences contribute to the imbalance in the portfolio of FPs undertaken by DAEs. Evidence from the IRM and GCF-1 alike points to a lack of capacity as the primary challenge to increasing the role and effectiveness of DAEs in delivering climate finance. The effectiveness of capacity development through the Readiness and Preparatory Support Programme (RPSP) and Project Preparation Facility is not well known, since RPSP outcomes are not systematically monitored. Another avenue to build the capacity of DAEs – through IAE support – has been underutilized, in part due to lack of incentives for IAEs to provide such support.

AE coverage and access. The focus in the USP on strategic and sufficient coverage by AEs to meet GCF objectives and match programming gaps and needs has not yet been operationalized. IEU analysis shows that only about 37 per cent of GCF-eligible countries are covered by a DAE. The number of GCF private sector DAEs also remains very small (totalling 7 out of 28); even though a larger proportion of private sector funding has gone to DAEs compared to the public sector, these resources remain concentrated in a small number of DAEs.

2. PROGRAMMING IN THE GCF

The GCF uses a suite of operational modalities to support the programming cycle, from readiness and planning support to direct project and programme solicitation, through the appraisal and approval process. These processes are critical to how the GCF promotes quality, paradigm shifting and impact potential in FPs, and to successful delivery against the USP.

Improving process efficiency, effectiveness and transparency. The Secretariat has identified initiatives to increase efficiency and transparency, and synthesis of initial documentation indicates that they do appear to be headed in the intended direction. At the same time, the reactive nature of the Secretariat's work as well as staffing constraints continue to affect efficiency and the Fund's ability to meet USP targets. The Secretariat acknowledges trade-offs in setting its annual work programme – for example, in the number of FPs that can be reviewed, meeting service standards, comprehensive analysis of reporting, the depth of support for DAEs, and so on.

Programming and pipeline development. Country programmes (CPs) have not yet adequately delivered on the stated aims of the CP development process: identifying areas of highest impact and paradigm shift potential, developing a country-owned pipeline and identifying areas for strategic use of RPSP support (Independent Evaluation Unit, 2019b). In light of the GCF's continued emphasis on CPs, multiple evaluations have recommended that the GCF assess and refine the role it can and should play in country programming.

Entity work programmes (EWPs) have similarly not achieved their potential. There is insufficient alignment between CPs and EWPs. Stakeholders engaged in the IEU's least developed countries evaluation reported tensions between the CPs and EWPs in terms of which projects will be prioritized and how the CP will be considered in project design. DAEs need significant support to develop effective EWPs.

The RPSP has created clear, albeit uneven, successes, though information on results achieved in individual countries is quite limited to date. The Secretariat continues to adjust the RPSP to improve effectiveness and efficiency, such as through increased technical support for countries and entities. More RPSP proposals seek support for pipeline development and DAEs than previously. However, the overall effectiveness of the RPSP is not well known.

Proposal development and submission

- *Project Preparation Facility.* Use of the Project Preparation Facility by DAEs is increasing according to Secretariat reports, and the Secretariat has also increased its support to DAEs through a modality to provide independent project preparation services for DAEs. The effectiveness of these efforts in increasing the quality at entry of DAE projects is not known. Processing times for Project Preparation Facility requests remain long.
- *Simplified approval process (SAP).* The goal of the SAP is valued by all major stakeholder groups, but it has not yet achieved its potential to meaningfully streamline the approval process or reach a different audience. The current SAP process has not succeeded in substantially reducing the burden of project preparation, or in improving the efficiency and effectiveness of

the GCF project cycle. The independent Technical Advisory Panel review is also insufficiently aligned with the SAP.

- *Requests for proposals (RFPs)*. The concept of RFPs is useful, but broadly speaking, the four RFPs issued so far have been insufficiently effective in generating viable FPs or in meaningfully increasing access for national entities and the private sector. Accreditation is a key issue that limits in practice which entities can utilize the RFPs. The Secretariat has stated plans to improve operationalization and implementation of the RFP concept.
- *Private sector solicitation*. While strategies tailored to the private sector are critical, the Private Sector Facility has not yet achieved the targeted participation. The pool of AEs from the private sector remains limited. Factors constraining private sector engagement remain as they were in the Forward-looking Performance Review, including the GCF's reactive business model, the lack of engagement with DAEs, the length of project approval and legal assessment timelines, and the perceived lack of predictability by private sector actors. The IEU's recent evaluation also found areas where strategic guidance on the private sector approach remains unclear.
- *Programmatic approaches*. Although a policy on programmatic approaches has not yet been approved by the Board, IEU evaluations found that they have the potential to play a valuable role in the GCF portfolio. Clear guidance on programmatic approaches is expected to provide more flexibility to meet country needs and reduce submission costs. To date, programmes have proved more complex to design and manage.
- *Adaptation and particularly vulnerable countries*. The GCF portfolio has seen a nearly equitable balance between mitigation and adaptation financing, with almost half of its financing being allocated to adaptation through GCF-1. The GCF still has challenges in reaching the most vulnerable and least ready countries, however: 59 of the most vulnerable countries have not received GCF adaptation finance. The Secretariat has identified some ways to bolster adaptation programming and support to these countries through the RPSP. Local capacity remains a chief barrier to access for least developed countries and Small Island Developing States.

Appraisal and approval processes. The project appraisal and approval cycle is widely perceived as bureaucratic, lengthy, inconsistent and non-transparent.² The Secretariat has identified activities to streamline and standardize the review processes and further ensure proposal quality, but a substantial number of relevant actions are awaiting consideration by the Board.

One persistent issue has been that the GCF investment criteria are broad, and this has led to inconsistencies in how they have been defined and operationalized.³ Documenting climate rationale embedded within the impact potential has been particularly problematic. An external study commissioned by the Secretariat found that GCF stakeholder groups view the independent Technical Advisory Panel as an important actor in ensuring the GCF's credibility and validating Secretariat reviews; however, the study suggested that more transparency and consistency are required (GCF/B.25/10).

In terms of environmental and social safeguards (ESS), the Secretariat is in the process of updating these to be more specifically tailored for GCF needs. Aside from the suitability of ESS standards, a related concern is that a policy conflict allowing multilateral development banks' ESS policies to potentially circumvent GCF policy remains unresolved at the Board level. On gender, while FPs

² See, for example, GCF/B.30/Inf.11; Independent Evaluation Unit (2020a); Independent Evaluation Unit (2021c); Independent Evaluation Unit (2022a).

³ The GCF's initial investment framework was adopted by the Board in decision B.07/06. Activity-specific sub-criteria and indicative assessment factors were adopted through decision B.09/05 and updated through decision B.22/15.

comply with the gender policy, a recent IEU evaluation documented challenges with the quality of related assessments, capacities and reporting; overall outcomes related to gender are as yet unassessed. Previous IEU evaluations also found that the GCF has not yet sufficiently addressed the request from the United Nations Framework Convention on Climate Change's Conference of the Parties to enhance its consideration of local knowledge and indigenous peoples (Independent Evaluation Unit, 2022a; Independent Evaluation Unit, 2020a).

Post-approval processes. Post-approval processes (centred on legal clearances for signing funded activity agreements) are too lengthy but have been improving over time.

3. IMPLEMENTING AND MANAGING FOR RISK AND RESULTS

The total GCF portfolio under implementation is expected to triple in amount by 2023 relative to the IRM, indicating that a shift towards managing portfolio implementation for results and knowledge is critical. GCF systems for results, risk and knowledge management have evolved in GCF-1, most notably through the Board approval of an Integrated Results Management Framework (IRMF).

Measuring and reporting results. In GCF-1, the GCF has taken an important step towards results measurement and reporting by approving the IRMF. Although a complete assessment of the IRMF remains to be undertaken, initial reviews identify improvements relative to the Results Management Framework, including a more systematic approach to results measurement and a focus on higher level results. The IRMF also aligns with the GCF's investment framework (Independent Evaluation Unit, 2021c). Operationalizing the IRMF will take some time, however. It is expected to apply to projects/programmes submitted to the Board beginning at B.32 (and not retroactively); an accompanying results handbook will also need to be approved by the Board.

The quality of results measurement, reporting and evaluation during implementation has been poor to date. While progress has been made in GCF-1 to address these issues, the effect of limited GCF guidance and oversight during the initial years of project approvals persists in the current portfolio – leaving the GCF at risk of not being able to demonstrate a clear and credible accounting of its aggregate results at the end of GCF-1.

Both IEU evaluations and Secretariat reviews identified widespread shortcomings in project level monitoring and reporting frameworks. Following decision B.28/02, the Budget Committee cleared budget for the first phase of remedial measures, but a second phase will also be required to work in collaboration with AEs to actually apply the corrective monitoring and evaluation measures. The Secretariat has also reassessed ex ante greenhouse gas emissions reduction estimates to improve the credibility of aggregated Fund level results for projects approved through B.24; similar efforts are planned for adaptation in 2022. IEU and external studies have found that the current heterogeneity of assumptions and calculation methods does not allow for a meaningful aggregation of the number of beneficiaries at the Fund level (Independent Evaluation Unit, 2021c; Frankfurt School–United Nations Environment Programme, 2020b). Recent re-accreditation assessments also point to a mixed experience in terms of the quality of monitoring, reporting and evaluation from some IAEs and DAEs (GCF/B.30/17, Annex II).

There is also substantial and urgent need to establish a system to ensure the quality of monitoring and reporting on results under the RPSF; currently, there is a no way to systematically report on the outcomes of the RPSF portfolio. The Secretariat reports that a Readiness Results Management Framework is under development.

Managing for results and risk during implementation. While the AEs hold first-level responsibilities, the GCF Secretariat also has an important and growing responsibility to oversee the

implementation of the readiness and funded activity portfolios to manage for risks and results. The GCF has not yet operationalized all the necessary tools to ensure an adequate control function, although GCF Secretariat activity reporting during GCF-1 indicates increased attention on optimizing implementation and adaptive management (GCF/B.30/Inf.12; GCF/B.30/09). Tools still pending include an early warning system based on risk flags (project and AE risks); ad hoc project checks on a yearly, random basis (on hold due to COVID-19); and a risks-based annual review on a given number of projects and programmes.

Limited independent assessment is available on the effectiveness of GCF systems for identifying and mitigating risks, ensuring adherence with GCF requirements, and managing for results during implementation. Implementation challenges were identified by both the Secretariat and the IEU, based on review of annual programme reports, with many of the recent challenges due to pandemic-related constraints. Re-accreditation assessments conducted by the Secretariat and the Accreditation Panel showed a mixed implementation performance for some AEs. Implementation performance has been an issue with the RPSP, but the potential implications for risks and results delivery have not been documented.

IEU evaluations have also found limited oversight over AE reporting of ESS and funded activity agreement conditions and their compliance, with not all covenants monitored and implications for effectiveness of risk management (Independent Evaluation Unit, 2020d; Independent Evaluation Unit, 2021a). The caseloads of the Independent Integrity Unit and Independent Redress Mechanism are too limited to date to draw any conclusions on effectiveness.⁴

Knowledge and learning. The GCF is in the early stages of its knowledge management practices and maturity, a stage that is broadly consistent with its organizational maturity. Some actions are in progress to move towards more strategic systematization of knowledge management, including the knowledge management strategy and action plan adopted by the Secretariat in 2020. But the full extent to which the knowledge management strategy and action plan is being implemented and institutionalized is not yet clear. With the GCF's portfolio under implementation rapidly growing, an important opportunity is emerging to gather and share on lessons learned, project evaluations, impact assessments and dialogues to guide national designated authorities, AEs and implementing partners towards more relevant, effective, sustainable and paradigm shifting interventions.

4. PROGRESS TOWARDS ACHIEVING IMPACT

As stated in the Governing Instrument, the GCF was established with the explicit goals of making “significant and ambitious” impacts for both climate change mitigation and adaptation, and promoting “the paradigm shift towards low-emission and climate-resilient development pathways.” At the end of the GCF's IRM period, the Forward-looking Performance Review found limited indications of first results, due in part to the nascent portfolio and low disbursement rates at that time.

Progress towards results. Although a substantial share of the GCF portfolio is now under implementation, the overall portfolio is still young. As of B.30, 76 per cent of the GCF portfolio is under implementation, totalling 116 projects with a value of USD 4.9 billion. Cumulative disbursements are USD 1.51 billion. Still, most projects approved in the IRM are less than a third of the way through implementation, and those approved in GCF-1 are even less far along. As of B.30, most Private Sector Facility projects had not yet started implementation. In addition to the relative immaturity of the portfolio, project delays are slowing results delivery; the COVID-19 pandemic has

⁴ The Independent Redress Mechanism has had an increasing caseload year-over-year, from 2 in 2018, to 5 in 2019, to 15 cases total in 2020. Source: GCF/B.28/inf.07.

been a challenging reality for nearly all the GCF-1 period, adversely impacting and compounding existing implementation challenges while also affecting countries' overall development progress.

The GCF portfolio has self-reported some achievements in climate mitigation and adaptation impacts (not verified by this report). Currently, aggregate results are only reported by the Secretariat for two core indicators: greenhouse gas emissions reduced or avoided over the lifetime of the projects (for mitigation) and direct and indirect beneficiaries (for adaptation). According to the annual portfolio performance report (2020) produced by the Secretariat at B.30, in 2020 the portfolio realized 7 per cent of its expected mitigation impacts (50 million tCO₂eq) and 16 per cent of its expected adaptation impacts (49 million beneficiaries). This is not verified or evaluated by the current report; the approach and methodologies for impact calculations are still being assessed by the Secretariat.

The allocation of approved GCF funding gives some indication of the types of climate results that may be forthcoming. Among the results areas, energy access and power generation represented the largest share of total GCF funding among mitigation projects under implementation in both 2019 and 2021. They were followed by building, cities, industries and appliances. The result area of health and well-being, food and water security had the largest share of total GCF funding for adaptation projects.

Paradigm shift. Given the immaturity of the GCF portfolio, Secretariat reporting and IEU evaluation have focused more on fostering a paradigm shifting portfolio through programming, design and appraisal, rather than assessing the extent to which projects and programmes have been transformational. Most documents reviewed for this synthesis referred to the paradigm shifting potential of projects and did not assess projects' actual contributions to paradigm shifts.

The concept of paradigm shift remains ill-understood among stakeholders (Independent Evaluation Unit, 2020a), and Secretariat reporting of progress towards paradigm shifting pathways – based on AE reporting in annual progress reports – has been vague. Moving forward, the IRMF provides for paradigm shift to be assessed against the dimensions of scale, replicability and sustainability, through interim and final project evaluations. Recent Secretariat working papers also illustrate a growing articulation of the GCF's approaches for transformative climate action, including 2021 papers on the Fund's climate finance strategy and approach for accelerating and scaling up transformative climate innovation.

Catalysing climate finance. Despite its strategic importance, the GCF's progress towards mobilizing climate finance in GCF-1 is not yet fully known. The Policy on Co-financing (adopted at B.24) clarifies definitions and principles, but the methodology to measure and report on mobilized private finance has not yet been finalized or operationalized. Some data are available on levels of co-finance, although several studies have raised concerns about the GCF's ability to secure – and actually deliver on – adequate co-financing. Secretariat reporting implies that co-financing projections at approval have not always been reliable or realistic, and that the Secretariat could more closely monitor realization of co-financing within the projects as a risk factor for delivery of project impacts and results (GCF/B.30/Inf.09). A transparent and comprehensive tracking system for co-finance during implementation is not currently in place (Frankfurt School-United Nations Environment Programme, 2020a).

5. INSTITUTIONAL ARCHITECTURE AND PERFORMANCE

The Governing Instrument lays out the GCF's institutional architecture, and provides for the constitution of the Board and the establishment of the Secretariat, the Trustee and three independent units. The Board has primary governance supervision functions, with the Secretariat as the main

managing and operational body. The broader GCF partnership also includes AEs and national designated authorities / focal points, as well as civil society organizations, private sector organizations, vulnerable groups, indigenous peoples, and women as main stakeholders.

Governance. Overall, there has been limited assessment of the performance of the Board in governing the GCF. The present study synthesized evidence against four dimensions that are widely used as indicators of good governance:

- *Effectiveness.*⁵ The Board has made progress on its 2020–2023 work programme in GCF-1 but has struggled to fully implement its policy agenda and close the policy gap. Approving the USP at B.27 was a significant accomplishment by the Board. Still, many critical policy and strategy gaps remain. The COVID-19 pandemic has contributed to continuing delays in addressing policy gaps; the shift to remote sessions reportedly hampered progress in policy formulation and discussion. Despite policy delays, in GCF-1 the Board has continued to perform its administrative and funding-related tasks, including approving FPs, accreditations and re-accreditations, and internal GCF workplans and budgets.
- *Efficiency.*⁶ There is evidence that efficiency of the Board is impacted by lack of agreement among Board members, and consensus-based decision-making (Kalinowski, 2020; Splawn, 2021). New procedures for voting in the absence of consensus and for decision-making between meetings are seen as important tools to help accelerate decision-making. However, agreement on procedural and substantive items is often a challenge facing the Board.
- *Representation and voice.*⁷ The GCF compares well to other international organizations in terms of representation, as one of the few major international organizations that has embraced a strong role for civil society and the private sector in the Fund’s operation since its inception. Still, weaknesses identified since 2016 include the lack of financial support for participation of observers from developing country civil society organizations, and the lack of direct representation for indigenous peoples; a review of this issue is part of the Board’s four-year workplan for 2020–2023 (Schalatek and Watson, 2020).
- *Accountability.*⁸ The synthesis found very little independent assessment of the GCF Board’s performance against the dimension of accountability. The Secretariat has begun to report on its performance through Board approved key performance indicators. Some other institutional practices also support accountability, such as the streaming of Board meetings on the Internet, strengthened information disclosure in GCF-1, and the independent units.

GCF Secretariat and broader partnership. The Secretariat reports that it is optimizing its operations, increasing its staffing and carrying out a reform agenda to enhance GCF internal structures, business processes and systems. Externally, the Secretariat has increased its efforts to align partners with the GCF strategic vision and develop their capacities to do so effectively. According to an external study commissioned by the Secretariat, Secretariat staff have so far absorbed a dramatic increase in workload without having the full anticipated capacity required. The increase has been absorbed through efficiency measures and overtime commitments from employees

⁵ Effectiveness concerns the extent to which the Board delivers on its key roles and functions, including good strategy formulation, implementation and oversight, and its operations as a collective. Effectiveness further includes clarity of responsibilities and roles, also vis-à-vis day-to-day management and operations.

⁶ Efficiency refers to the costs of Board operations and how much time and how many documents it takes for issues to be discussed by the Board. Efficiency also includes the extent of delegation to committees and groups.

⁷ Representation and voice relate to having adequate channels for all stakeholders of an organization to express their views, as well as to participate meaningfully in decision-making and to influence policy outcomes.

⁸ Accountability first deals with the Board’s instruments to monitor and evaluate the Secretariat, and second, how Board members are held accountable themselves. Transparency is a related issue.

(GCF/B.30/ 08). Organizational structural changes are still in progress; for example, in decision B.30/06 the Board also explicitly agreed to update the Secretariat structure to formalize a Division of Portfolio Management and requested the Secretariat to present a review of its organizational structure in conjunction with strategic planning for GCF-2.

In terms of the broader GCF partnerships, measures taken by the Secretariat since 2020 to establish clearer roles and responsibilities for partners and move away from a “one-size-fits-all” partnership model may be generally expected to address some concerns raised by evaluations but will require validation in the SPR. A high emphasis in the USP on country ownership led to much Secretariat attention and many initiatives to support countries, but updated standards and guidelines for country ownership and engagement are still missing.

6. COMPLEMENTARITY AND COHERENCE

The GCF is mandated to enhance complementarity and coherence at the institutional and national levels. This goal is operationalized in its four-pillar⁹ Operational Framework, which was approved in decision B.17/04 and re-emphasized in the USP.

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 have suggested that the GCF does not currently maximize the potential of this position. For example, the IEU recently found that the GCF could improve its “convening and catalytic power” in the adaptation space to pursue greater coordination and develop and share best practices (Independent Evaluation Unit, 2021b).

The synthesis did not find clear evidence of whether the GCF has sufficiently articulated 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, 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 made substantial efforts to align and integrate multilateral climate finance with like-minded funds. Significant efforts have been made with the Global Environment Facility (Green Climate Fund and Global Environment Facility, 2021) and Adaptation Fund to begin aligning processes and planning objectives, including some 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 at a more nascent stage.

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 EWP guidelines. 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 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 on least

⁹ The four pillars are (1) Board-level discussions on fund-to-fund arrangements (governance, business models, policies); (2) enhanced complementarity between climate funds at the activity level (e.g. readiness activities, NDC/NAP support, accreditation processes, monitoring and evaluation); (3) promotion of coherence at the national level (aligning around investment programmes, policies, coordination); and (4) complementarity at the level of delivery of climate finance through an established dialogue between climate funds.

developed countries found that no systemic approach to coherence and complementarity could be identified in countries reviewed.

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” and the reporting boundaries between the pillars (particularly pillars 2 and 3). Collectively, this suggests some level of uncertainty in boundary definitions, concepts or availability of evidence.

C. EMERGING OBSERVATIONS FOR THE SPR

This synthesis report serves multiple purposes; in and of itself, this report is a collection of evidence from GCF-1, it will also help inform the methods of the forthcoming SPR Approach Paper by identifying areas for further analytical exploration, and it may also inform the findings and recommendations of the final report of the SPR. The emerging, cross-cutting areas for further exploration in the SPR include the following:

- **Broader context of the GCF-1 period.** The SPR will need to consider GCF performance within the broader context surrounding the GCF’s transition into a heavy implementation phase – namely, that the GCF-1 period has overlapped almost entirely with the global pandemic that has caused extensive disruption to communities, economies and delivery of development assistance. The pandemic has also had implications for governance and for management oversight, with Board meetings held remotely and with travel largely on hold.
- **Implications of the USP.** The synthesis report found ample evidence that the Secretariat is organizing its work programme around the USP, while the implications and outcomes of this remain largely unexamined in available documents. Key questions for the SPR could include the following: How relevant has the USP been in view of the GCF mandate? How has the USP been used? What have been the implications of the programming targets for how the USP has been implemented, to what extent are those targets compatible with each other, and are they aligned with wider strategic direction? What can be learned to strengthen strategic planning in GCF-2?
- **Issues of strategy.** Throughout the synthesis, emerging observations have related to issues of strategy and goal setting. These include a question of whether the GCF might better define its own “comparative advantage” and set boundaries, in order to (a) provide a more fully formed strategic rationale for its programming and its operational modalities, (b) determine its optimal institutional structures, processes and roles, (c) guide its approach for partnerships and complementarity and coherence at institutional and country levels; and (d) systematically leverage those advantages to increase impact and catalyse finance.
- **Key systemic issues for adaptive management.** The synthesis has shown that while the GCF has been able to incorporate some new insights from evaluations and other studies over time, many key perennial issues remain unresolved, including policy elements, the reliability of results reporting for aggregation, and capacity – from the capacity of the Board to deliver on its responsibilities, to the capacities of the Secretariat, the AEs and countries. These issues deserve a fresh look in the SPR.
- **Evaluability.** Another common theme in the synthesis – and an important one for designing the methods of the SPR – relates to evaluability. The GCF appears to be in a highly dynamic phase of its organizational development, with incremental process improvements actively under way. This can present a challenge for the SPR in assessing effectiveness and efficiency. One potential implication is that the SPR could better focus its attention on assessing whether the

GCF is travelling in the right direction and identify a series of strategic pathways for GCF-2, to inform the priorities of the Board.



**GREEN
CLIMATE
FUND**

**Independent
Evaluation
Unit**



Independent Evaluation Unit
Green Climate Fund
175, Art center-daero, Yeonsu-gu
Incheon 22004
Republic of Korea
Tel. (+82) 032-458-6450
ieu@gcfund.org
<https://ieu.greenclimate.fund>