



INDEPENDENT SYNTHESIS OF DIRECT ACCESS IN THE GREEN CLIMATE FUND

Executive summary



GREEN CLIMATE FUND

Independent Evaluation Unit



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GREEN CLIMATE FUND
INDEPENDENT EVALUATION UNIT

Independent Synthesis of Direct Access in the Green Climate Fund

EXECUTIVE SUMMARY

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ABBREVIATIONS

AE	Accredited entity
COP	Conference of the Parties
DAE	Direct access entity
Gavi	Gavi, the Vaccine Alliance (formerly the Global Alliance for Vaccines and Immunisation)
GCF	Green Climate Fund
GI	Governing Instrument
IAE	International accredited entity
IEU	Independent Evaluation Unit
PPF	Project Preparation Facility
PSAA	Project-specific assessment approach
RfP	Request for proposals
RPSP	Readiness and Preparatory Support Programme
SAP	Simplified approval process
ToC	Theory of change
UNFCCC	United Nations Framework Convention on Climate Change

EXECUTIVE SUMMARY

OVERVIEW

The 2022 workplan of the Independent Evaluation Unit (IEU) of the Green Climate Fund (GCF, or the Fund) was approved at the thirtieth meeting of the Board (B.30), held virtually from 4 to 7 October 2021 (decision B.30/10). This approved workplan includes an independent synthesis on the topic of direct access in the GCF.

PURPOSE AND SCOPE

The purpose of this synthesis is to conduct an assessment and provide learning on the Fund's implementation of the direct access concept and approach, as mandated by the Fund's Governing Instrument (GI), and to improve the relevance and performance of the GCF's direct access modality as a way of accessing financing from the Fund.

This independent synthesis used a utilization-focused framework, with the objective of being beneficial to its intended users in terms of providing learning, informing decision-making, and assessing and improving overall performance. This approach necessitated consultations with relevant stakeholders to ensure their experience and feedback related to direct access was appropriately considered.

METHODOLOGY

The evaluation team used a mixed-methods approach, employing both qualitative and quantitative data and methods to inform the evidence-based findings, conclusions and recommendations that are presented in this report.

Given the central role of direct access in the GCF's operations, almost all the 11 completed evaluations and assessments of the IEU to date have directly or indirectly assessed various aspects of the GCF's direct access modality, thereby generating an extensive evidence base on the topic. This synthesis builds extensively on this body of evidence, as well as on the evidence produced by the two evaluations carried out concomitantly by the IEU – namely, the Second Performance Review (SPR) and the evaluation of the GCF's investments in African States.

Other data-collection and analysis methods included the following:

- An extensive document and literature review, including GCF documents and key peer-reviewed and grey literature on direct access
- Interviews carried out with more than 85 key informants, including four direct access entity (DAE) focused deep dives
- Two focus groups: one with selected GCF Secretariat staff to reconstruct the theory of change (ToC) of direct access in the GCF and one with DAEs to identify hindering and facilitating factors they encounter in their interactions with the GCF
- A landscape analysis reviewing the implementation of direct access in four organizations within and outside the realm of climate finance: the Adaptation Fund; Gavi, the Vaccine Alliance (Gavi); the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund); and the Global Partnership for Education

Analysis of data acquired from GCF systems directly, as well as data developed by the IEU's DataLab based on inputs provided by Secretariat divisions and accredited entities (AEs).

The methodology described responded to the evaluative questions outlined in the approach paper for this synthesis:

- Question 1: Does direct access fit in with the GCF's mandate and business model and respond to the needs of its partner countries? Is the direct access ToC clear, focused and fit for purpose relative to the GCF mandate?
- Question 2: What are the results of direct access?
- Question 3: How does direct access contribute to the paradigm shift necessary to deal with the climate emergency?

CONTEXT AND MANDATE OF DIRECT ACCESS IN GREEN CLIMATE FUND AND COMPARATOR INSTITUTIONS

Direct access has been a key element of the GCF mandate and identity since the Fund's creation, supported by all Parties but with different priorities and visions. The GCF GI reflects the best political agreement possible, but because of political ambiguity it does not provide precise operational guidance on direct access.

COP guidance related to direct access has been limited, with only one relevant piece of guidance given at COP22, requiring the Board "To facilitate an increase in the number of direct access proposals in the pipeline and to report to the COP on the progress made in this regard." This guidance therefore focuses on a quantitative outcome and not on providing guidance on the causes of the low number of DAEs. Specific actions required to implement said guidance were at the discretion of the GCF because the COP is mandated to provide guidance on policies, programme priorities and eligibility criteria, so it is not overly prescriptive.

Board guidance regarding direct access has been quite extensive, leading to, for example, the creation of relevant processes to support direct access (e.g. readiness, PPF). However, the Board has yet to produce a comprehensive coherent strategic framework for direct access or provide full clarification of its vision for direct access – for example, on the type of institutions or projects that direct access should bring to the GCF or how the direct access modality contributes to the GCF mandate.

The Secretariat presented a DAE action plan in 2021 to better integrate support to direct access, but it is not a strategy and was only submitted to the Board as an annex to the report on the activities of the Secretariat, which the Board took note of.

The review of direct access in other institutions, both within the climate realm (e.g. Adaptation Fund) and outside of it (e.g. the Global Fund and Gavi), highlights different models for direct access to financing. These can be categorized as "implementer first–proposal second", where the emphasis is put on the entity submitting the project or programme (e.g. Adaptation Fund, GCF), or "proposal first–implementer second" (e.g. Global Fund, Gavi), where country-level coordination mechanisms lead to proposals that are channelled through relevant implementing partners.

CONCLUSIONS

Conclusion 1. The COP and the GCF’s GI provide for a prominent role for direct access in GCF operations. However, direct access has only been implemented through accreditation; there is no other effective modality established and used to date. Pathways for operationalizing direct access in the GCF require trade-offs that are difficult to reconcile.

The Transitional Committee’s deliberations for the design of the GCF mentioned direct access extensively. The Transitional Committee members considered direct access to be of high importance, both to achieve climate impact in the short and medium term and as an end unto itself in terms of the capacity-building and financing it would bring to national entities, with various orders of priority, depending on the Party. The GCF’s GI reflects this importance by providing for both direct access through accreditation and modalities that enhance direct access, without providing further operational details. This ambiguity regarding the envisioned purpose of the direct access modality is reflected in the GCF’s operationalization, as an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change.

There is no explicit ToC for direct access in the GCF. There is also no explicit framework that spells out what type of institutions or projects should be brought to the GCF through direct access or that clearly defines how the direct access modality contributes to the GCF’s mandate. There is also no institutional home for direct access within the GCF Secretariat.

The reconstructed ToC (designed by the IEU) of direct access in the GCF reveals trade-offs in the short term. In the short term, to meet its programming targets, the GCF may work with well-resourced DAEs (i.e. following a programming pathway). In the longer term, working with a wider range of direct access institutions requires the GCF to build capacity and undertake programming with them, irrespective of their existing capacity (i.e. following a capacity-building pathway). Each of these pathways entail the GCF realigning its processes, tools, procedures and business model to address the needs of different kinds of DAEs.

Conclusion 2. Country ownership is essential for the Fund and is based on three attributes. First, a country takes leadership in the strategic processes for identifying projects and programmes that align with their national policies, strategies and targets. Second, a country has institutional capacity to plan, manage and implement activities. And third, countries, entities and the GCF share responsibility and accountability, and develop and act on best practices in planning and delivering climate action. Given the importance of country drivenness, a comprehensive approach to direct access to meet country climate priorities is missing.

A comprehensive approach at the country level involves analysis of country priorities, the entities required to meet such priorities, their respective capacities and mandates to fulfil the priorities, and the different pathways to access GCF funding. Direct access is ultimately expected to meet the **priorities** of countries. However, national-level priorities require an analysis of the relative strengths of the **entities** that can fulfil such priorities. Different kinds of institutions serve different roles in addressing the programming priorities of the GCF and countries. In the GCF portfolio, institutions have sorted themselves quite clearly to undertake projects and programmes pertaining to different sectors and themes, presumably in terms of their comparative advantages. This implies that meeting GCF and country programming priorities – for example, community-led adaptation – merits partnerships with country-level institutions that may have the mandate to do so. Depending on the entities’ **mandate** and **capacities**, they may require **pathways** for access to the GCF that are

simplified and go beyond institutional accreditation. Such an approach is currently missing in the GCF's approach to direct access.

Conclusion 3. Institutional accreditation alone does not account for country needs. It does not lead to successful programming within a reasonable timespan and doesn't determine the ability of an entity to undertake climate programming. It also doesn't account for the need for suitable partnerships at the country level. The DAEs, as a means of implementing direct access, are not sufficiently providing finance for countries to achieve paradigm shift.

So far, the GCF's efforts in enabling "access" to resources have been heavily skewed towards accreditation, but the assumption that accreditation would translate into programming did not materialize. Hindering factors also lie at the national and entity levels – for example, unrealistic expectations at accreditation and low capacities to answer numerous countries' demands that are sometimes not well tailored to the GCF. Institutional accreditation has not been an appropriate filter in measuring an entity's ability to undertake climate programming. For this reason, most of the entities have not been able to graduate from accreditation to programming in a reasonable time frame. The reactive nature of institutional accreditation does not enable the GCF to form in-country partnerships that are able to meet country priorities. Instead, a direct access model anchored in institutional accreditation only enables access based on an entity's ability to meet the transaction costs of the accreditation process. The GCF also lacks the mandate and mechanisms to actively source institutions for partnerships.

Conclusion 4. Undertaking programming with the GCF entails high transaction costs for most DAEs. The GCF has a range of support programmes, the SAP and the Request for Proposals (RfP) modalities to meet these transaction costs. However, support programmes are not differentiated or effective. Support programmes, processes and modalities are not attuned to the relative importance of direct access in the GCF and have not been successful so far.

The GCF's current set of support elements in place before, during and after accreditation are insufficient in ensuring that most DAEs can navigate the GCF's programming cycle, including funding proposals appraisal processes and funded activity agreement negotiations. The Readiness and Preparatory Support Programme (RPSP), SAP and PPF do not particularly consider direct access and DAEs and may not be easy to access for DAEs. The RPSP's objectives have so far supported accreditation for direct access, but its role in supporting programming for direct access is unclear. The roles and differentiation between the RPSP and the PPF are unclear with regard to support for direct access. The SAP, as a process for small- to medium-sized projects, does not provide an agile and simplified process for potential DAE projects. The GCF's existing concept note and funding proposal processes do not treat DAEs differently than IAEs in supporting them through the development, approval and implementation of project proposals, despite the GCF's prioritization of direct access. The RfPs, in particular enhanced direct access, have been limited in their uptake and generally do not help to overcome the limitations of the GCF business model in programming. The project-specific assessment approach (PSAA) has not been tested, and its value-added over and above institutional accreditation and its relative value to direct access remain to be seen.

Conclusion 5. As the DAE portfolio matures and diversifies, the GCF's business model lacks agility and adaptive management in implementation and has limited effective and real-time implementation support and capacity-building to ensure the effectiveness of results.

The current cohort of DAEs with projects is heavily biased in favour of high-capacity institutions. Even then, DAEs face certain challenges to a higher degree than their IAE counterparts. These implementation challenges are expected to get more severe and wide-ranging as a more diverse range of direct access partners programme with the GCF. Current implementation support is not

tailored to the specific needs and capacities of a wide pool of regional and national entities. With the continued expansion and diversification of the direct access portfolio and partners, the need for implementation support and simple, agile adaptive management becomes more crucial for proactively addressing design, capacity gap and project management challenges.

Conclusion 6. Expansion of the AE pool while maintaining existing partnerships will strain the GCF's accreditation system, as it exists currently.

Trade-offs and challenges exist at accreditation, the design stage and the implementation stage when accommodating the ambition to incorporate more DAEs into programming. An expansion in the number of AEs will likely put pressure on the accreditation system of the GCF, with its limited capacity. The Board has not put in place additional modalities that further enhance direct access despite relevant provisions in the GI.

RECOMMENDATIONS

Based on the above six key conclusions, the evaluation team recommends the following actions to the GCF Secretariat and Board.

Recommendation 1. Clarify the vision and purpose of direct access.

The Board and the Secretariat should link this vision with the GCF's next strategy and implementation plan. This should include a clarification of the purpose of direct access and whether the GCF should concentrate on programming with direct access partners who have the capacity to transact with the GCF (i.e. following a programming pathway) or on building the capacity of a wider, more diverse or more specified range of direct access partners (i.e. following a capacity-building pathway), or a combination of both. A clear ToC for such a vision needs to be laid out to ensure accountability for its operationalization.

Recommendation 2. Provide options for countries to directly access financing through measures beyond accreditation as part of their country programming. Country programmes could be an entry point for robust pathways to direct access.

This report has established that (a) accreditation is not a uniformly suitable indicator for entities' ability to programme with the GCF; (b) a direct access model anchored in accreditation is not uniformly useful for meeting country priorities; (c) the GCF's own institutional limitations prevent a dependence on accreditation for wide-ranging direct access collaboration; and (d) the GCF does not provide differentiated access to resources for DAEs. Thus, the evaluation makes the recommendations below.

As an overarching recommendation, the GCF should actively consult with national designated authorities (NDAs) to jointly develop different options for collaborating with national and regional entities and partners and financing thematic priorities. **If the GCF finds country programmes suitable for programming, then country programmes could be the entry point for providing different options for access.** Thus, there are three sub-recommendations here:

- 1) **The GCF should actively partner with NDAs to prepare country programmes, in either their current format or a revised format, to identify the different entities that a nationally designated authority wants the GCF to partner with in the corresponding country.** The entities should be identified based on their ability and comparative advantage to undertake programming relevant to the country's priorities as set out in its nationally determined contribution. The GCF may consider setting up mechanisms for joint responsibility between NDAs and the GCF for country programming.

- 2) **For identified national and regional entities, the need for institutional accreditation should be contingent upon the volume of financing that the country requires the entity to access, the capacity of the institution and the complexity of programming that the nationally designated authority and country programme foresee for such institutions.** Pathways for access other than institutional accreditation should be explored by the GCF and NDAs (as identified in paragraph 47 of the GI). The ability to access GCF resources without requiring institutional accreditation may also incentivize NDAs to collaborate with the GCF in preparing country programmes, identify the relevant institutions to programme with over a programming cycle and take a more strategic approach to programming.
- 3) **The GCF should actively consider financing new and ongoing sectoral projects in the area of climate change to further direct access.** Sector support or basket funding opportunities should be explored so that the GCF can finance new or ongoing national and subnational programmes in the area of climate change. This can become a suitable conduit for ensuring that access to GCF resources can be achieved without needing accreditation at the subnational and local levels. Such initiatives could follow a “proposal first–implementer second” model, as in the case of the Global Fund or Gavi, where country-level coordination mechanisms lead to proposals that are channelled through relevant implementing partners.

Recommendation 3. Ease direct access through different project approval channels, including simplified approval process, to approach a wider range of institutions.

- 1) Introducing a differentiated approach should start with a SAP, which considers the varying capacities of DAEs and simplifies the approval process. The GCF Secretariat should consider the IEU’s recommendations made in the SAP evaluation undertaken in 2019. The following sub-recommendations from that evaluation would be particularly important:
 - a) Referring to the SAP evaluation’s recommendation 1 (a), the GCF should develop a strategy for the SAP while focusing on processes that accelerate and simplify the project cycle, and so respond (also) to guidelines from the United Nations Framework Convention on Climate Change and the GI.
 - b) Referring to the SAP evaluation’s recommendation 2 (a), the GCF should simplify the review criteria for the SAP and develop different and tailored investment criteria.
 - c) Referring to the SAP evaluation’s recommendation 3 (b), the GCF should include a capacity-development programme (small and fast approval) to support DAEs on how to apply the simplified and accelerated procedures, and the GCF key concepts, within the RPSP or other instruments.
- 2) Options similar to a SAP with different tracks of project approval should be considered for direct access projects based on the existing capacities of entities for managing climate projects. This would enable entities that are likely to undertake smaller projects and entities that have relatively lesser capacity to access GCF financing expeditiously.

Recommendation 4. Include a lens that focuses on the effect and implications on direct access in all the tools, modalities and instruments supporting accreditation and operations.

The GCF should ensure that the PSAA includes a direct access focus. Based on recommendation 2, the Fund should consider having an RfP for direct access using the PSAA modality. Furthermore, the GCF should elaborate and crystallize the role of the RPSP for support towards enabling direct access. The differentiation of RPSP support for direct access at large vis-à-vis the PPF for project development needs to be clearly established, and both of them need to be offered in an integrated manner to facilitate direct access. Lastly, the GCF should reconsider operationalizing the RfP

enhanced direct access, taking into account the lessons and recommendations of the RfP evaluation carried out by the IEU.

Recommendation 5. Enhance support to DAEs during implementation stage.

This should start at accreditation, making sure that entities have project management systems that enable them to identify and deal with problems during implementation (e.g. having monitoring systems for projects at risk or problem projects, to encourage transparency and the identification of problems and find solutions before it is too late and to identify lessons and experiences to be transferred to other projects and entities). The GCF should consider introducing modalities and tools at the implementation stage to better identify and address emerging risks in an expedited manner.



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