COUNTRY OWNERSHIP IN THE GCF STRATEGIC AND POLICY ENVIRONMENT

GREEN CLIMATE FUND | Independent Evaluation Unit

Key question:

How is country ownership defined and understood in the GCF?

Sub-questions

1. How is country ownership defined and understood in the GCF?

2. Is the GCF policy framework sufficient to support country ownership?

3. How well does country ownership work as an investment criterion, including in relation to other GCF objectives, notably paradigm shift?

4. How has the GCF performed in creating an environment that enables recipient countries to assume ownership of their engagement with the GCF?

Key findings

GCF has not defined country ownership and uses a flexible approach.

The three attributes of country ownership most commonly identified by GCF stakeholders are:
(1) alignment of GCF investments and policies with national policies and priorities; (2) meaningful engagement with non-state actors; and (3) having a (greater) say in the use of climate finance, including through national identification of project concepts and direct access.

GCF policies have considered country ownership. But these policies are only partially sufficient for realizing country ownership.

Country ownership as an investment criterion is not useful for investment prioritization.

Country ownership is important among GCF's many principles and priorities, but having to respond to all of these creates potential trade-offs and, currently, the GCF has no transparent way to deal with these.

Country ownership is a shared responsibility between GCF and countries, and the GCF has not met its own responsibilities (such as predictability, transparency and timeliness) for countries.

Recommendations

1. Develop a normative standard for country ownership, recalling its ambition to set a new standard among other climate and development organizations. In this context, the GCF should consider its business model and overall objectives (including paradigm shift) in relation to country ownership, addressing tensions and potential trade-offs.

2. Revise the GCF guidance on stakeholder engagement, to highlight the role that stakeholders play in the context of climate change.
GCF guidance should reformulate/strengthen definitions and principles of engagement, especially as they relate to engagement with stakeholders within countries.

3. Country ownership should be used as a minimum standard (eligibility), rather than a prioritization tool.

4. GCF should directly address the tensions among its principles and priorities to create transparency.

GCF CONTRIBUTION TO COUNTRY LEADERSHIP AND ENGAGEMENT

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Key question:

How does the GCF contribute to country leadership and engagement?

Sub-questions

1. How does GCF in-country support for climate change policies, structures and processes support country ownership of GCF investments?

2. Is GCF support for multi-stakeholder engagement during its programming cycle sufficient?

3. Do GCF Country Programmes (CPs) strengthen country ownership of GCF investments and the development of a country-owned pipeline?

4. How and where does co-investment play a role in country ownership of GCF investments, if at all?

Key findings

Sub-question 1:

- All GCF-eligible countries have national climate change policies, strategies, or plans with the potential to guide GCF investments.
- GCF has largely relied upon existing national climate change coordination structures, rather than creating parallel structures. This approach supports country ownership.

Sub-question 2:

- Multi-stakeholder engagement has been insufficiently demonstrated during the investment cycle.
- Only half of countries include non-state actors in their country coordination structures that advise on interaction with the GCF.

Sub-question 3:

- CPs have not delivered on their aims, especially identifying areas of highest impact and paradigm shift potential and developing a country-owned pipeline.
- Many countries see CPs as a GCF requirement to satisfy, rather than a real contribution to country planning.

Sub-question 4:

- Recipient country co-investment is often perceived as a signal of country ownership, but co-investment cannot be interpreted as a stand-alone indicator of country ownership.
- IAEs generally perform better or comparably to DAEs in terms of securing co-investment from government institutions.

Recommendations

1. GCF should use and strengthen existing climate finance coordination structures, to support stronger ownership of countries' climate finance agenda.

2. GCF should revise its guidance on stakeholder engagement, to strengthen definitions and principles of engagement.

3. GCF should publicly release key documents, such as CPs and APRs in a timely manner.

4. GCF should only pursue CPs, if their purpose, targets and timelines are articulated clearly. The GCF needs to develop a CP strategy that also articulates how CPs fit into GCF's overall strategy and theory of change. Given the proliferation of climate-related documents in-country (such as NDCs, NAPs and NAPAs), the CPs are in danger of becoming paper-pushing exercises. Unless their fit to the GCF is clearly specified and their value added understood commonly, CPs should be discontinued.

BUILDING COUNTRY INSTITUTIONAL CAPACITY

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Key question:

How effective is the GCF in building institutional capacity (in countries and in itself) for country ownership?

Sub-questions

1. To what extent are NDAs/focal points established and functional?

2. To what extent are GCF capacity-building and engagement initiatives appropriate and sufficient to enhance the GCF country-driven approach?

3. To what extent are country-level systems used and supported by the GCF?

Key findings

NDAs/focal points have been established in nearly all eligible countries (147 out of 154).

NDAs/focal points are generally seen by country stakeholders to have the capacity to make informed decisions on "public sector" NoLs and DAE nominations.

NDAs/focal points are seen to have significantly lower capacity to interact with the private sector to take no-objection decisions and develop the pipeline, as well as to provide oversight during the project implementation phase.

The common constraints to NDA/focal point capacity point to the need for ongoing support for sustainable capacity development.
Recurrent challenges are related to human resources and limited management and technical skills. Filling permanent positions is seen as critical for capacity and ownership.

Country contact with the GCF Secretariat is seen as fragmented, inefficient, and sometimes lacking sufficient country or regional depth of knowledge to support NDAs/focal points.

There is no GCF guidance on the use of country systems, nor is it systematically tracked by the GCF.

Recommendations

1. GCF should provide ongoing financial support for a secretariat function in NDAs/focal points, with associated accountability measures in place.

2. GCF should provide ongoing opportunities for training of NDA/focal point key staff, and a living handbook of responsibilities and best practices for NDAs/focal points.

3. GCF should further clarify the role of the NDAs/focal points in implementation (e.g., through portfolio monitoring and participatory reviews). NDAs/focal points must have access to monitoring information to meaningfully play a role in the implementation phase.

4. GCF should encourage AEs to use country systems, such as public finance management systems, procurement systems, and results systems.

COUNTRY OWNERSHIP THROUGH DIRECT ACCES AND ACCREDITATION

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Key question:

How effective is the GCF in using its business model (accreditation and direct access) for supporting country ownership?

Sub-questions

1. How effective has the DAE nomination process been?

2. Has the accreditation process been effective and efficient for direct access?

3. Are DAE capacities and experience adequate to address country priority needs and how effectively do IAEs support country ownership?

4. How effective is direct access in developing a country-owned project pipeline?

Key findings

Sub-question 1:

- DAE nominations by NDAs were often not driven by strategic, long-term considerations, nor by consultative processes.
- Fewer than one-third of funding proposals and concept notes have been submitted by national or regional DAEs.

Sub-question 2:

- The accreditation process for DAEs is shorter on average than that for IAEs.
- Differentiation in the accreditation process is seen as insufficient by many country stakeholders.
- Still, some DAEs regarded the process as valuable to enhance their capacities and develop their policies.

Sub-question 3:

- National DAEs have relevant capacity and experience to address their countries' climate change priority areas as expressed in NDCs.
- Countries have fewer opportunities to carry out large projects and higher-risk projects with DAEs than with IAEs.
- The evaluation did not find any conclusive evidence for systematic support by IAEs to DAEs as a result of agreements between IAEs and the GCF in AMAs.
- IAEs describe country ownership in the GCF programming cycle as business as usual. But IAE motivations and preferences for supporting country ownership are often viewed with scepticism by country stakeholders.

Sub-question 4:

- National DAE capacity to deliver concept notes and FPs is not in line with country and GCF expectations.
- Over the last year, RPSP grants have started to address capacity bottlenecks and assist in pipeline development.

Recommendations

1. To ensure greater effective participation of DAEs, GCF could ask "mature" IAEs to jointly develop and/or implement GCF investments with DAEs.

2. GCF should continue to provide DAE capacity support for pipeline development as a priority through PPF and RPSP, but increase the speed at which this is provided and also increase awareness about PPF resources and eligibility.

3. The planned GCF accreditation strategy should clarify the goal of the accreditation process, ensure that potential conflict of interest is minimized, continue to prioritize accreditation for national DAEs of countries that do not yet have direct access and differentiate the accreditation process.

4. GCF should encourage and incentivize countries and DAEs to take a more strategic approach to nominations for direct access for the medium- and longer-term future.

PRIVATE SECTOR AND COUNTRY OWNERSHIP

GREEN CLIMATE FUND | Independent Evaluation Unit

Key question:

To what extent has the GCF supported country ownership in private sector engagement?

Sub-questions

1. What are country needs and challenges for engaging the private sector, and to what extent has GCF supported in-country capacities for private sector engagement?

2. How is country ownership for private sector projects assessed by GCF and how is it perceived by countries?

3. How effectively do NDAs and country programmes support country-owned GCF private sector engagement?

4. To what extent do DAEs engage with the private sector??

Key findings

Private sector support is not yet sufficiently integrated into the GCF to serve country-owned and country-driven project development well.

A large part of capacity-building and technical assistance for private sector support is already being provided through GCF-funded investment projects, directed towards multiple beneficiaries.

Country ownership has been weaker for multi-country PSF projects than for single-country PSF projects.

NDA/focal point knowledge and capacities for private sector engagement are often considered as weak.

Country programmes have not been successful in building private sector pipelines.

Few accredited AEs in the GCF are private sector entities (18 per cent), but their share among pending applications is growing (32 per cent).

Recommendations

1. GCF should better integrate its various organizational modalities and instruments for private sector support in countries and regions, to be propagated through readiness support and other forms of capacity-building, technical assistance and communication.

2. GCF should have a strategy that provides the structure and incentives for all country-level stakeholders to engage according to their distinct and appropriate roles in the private sector, including DAEs and IAEs.

3. GCF should ensure that there is a minimum standard for communication and consultation with NDAs and other country stakeholders, in project design, startup and implementation for multi-country projects.

4. GCF should support best practices for no-objection procedures that pay attention to the special requirements of private sector projects.

5. GCF should carefully monitor and learn from ongoing capacity-building in its active FPs. Country programmes should more specifically point to private sector finance priorities for the GCF.