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INDEPENDENT EVALUATION OF THE GREEN CLIMATE FUND'S COUNTRY OWNERSHIP APPROACH

Executive Summary

October 2019

GREEN CLIMATE FUND
INDEPENDENT EVALUATION UNIT

Independent Evaluation of the Green Climate Fund's Country Ownership Approach

EXECUTIVE SUMMARY

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FOREWORD

Countries make the GCF. Indeed, in setting up this new institution, a brand-new hope was voiced – that the GCF would, along with galvanizing climate action, set and use a new *standard* for country *ownership*.

Country ownership: The phrase has been used too much and has come to mean too little. The GCF promises to re-define it, to revitalize it, to reinvigorate it.

It is this promise that my team and I looked at when we undertook this evaluation. We believe that the GCF aspires to climate action that encourages countries to express their sovereignty, needs and capabilities.

My team and I are extremely proud to bring this evaluation to you.

The evaluation of the GCF country ownership approach highlights its many strengths. First, we find that its vision, policies and planning place countries front and centre. Second, until now, GCF investments have been in areas that countries need. Third, we find that the mandate of direct access distinguishes the GCF and underscores its commitment to ensuring country ownership. These are not easy wins. With 154 countries and enormous diversity, a young institution of 250 people is ensuring that ownership by countries is central to the Fund's efforts.

But we also found many reasons for the GCF to strive further. First, the GCF is at risk of repeating experiences that other multilateral institutions have already learned from. Second, country programmes, entity work programmes and the GCF readiness programme are not focused enough for countries to gain and to build strong, effective climate-finance-related pipelines. Third, the GCF needs to improve its investment criteria, so that country ownership is a *sine qua non*. Fourth, currently, countries find it difficult to work with the GCF because of long timelines, unpredictability and lack of transparency. This needs to change. Tools to assess trade-offs can help with this. Fifth, the GCF is not yet asking countries to lead and use their *own* systems, and the GCF can show leadership in this space. Last but not least, the GCF needs to re-imagine how the architecture within countries can enable ownership and leadership in climate finance. And the GCF needs to support such an architecture.

The evaluation makes two important recommendations.

First, the GCF needs to develop standards for country ownership that go beyond no-objection letters and procedures. It needs to provide explicit guidance for how accredited entities engage with countries. Operationally, the GCF also needs to expand its definition of "country" to go beyond national capitals and include a multitude of stakeholders while especially paying attention to those who are most affected by climate change. It needs to require this from entities and countries in an intentional, purposive and driven way.

Second, the GCF needs to build and support the architecture around capability, opportunity and motivation for country ownership to be realized. Within this architecture, "capability" can be built by providing sustained training and financial support to NDAs / focal points, who can then become in-country ambassadors and GCF specialists. "Opportunity" will be built by providing the necessary policy guidelines and mandates through GCF documentation and standards. For instance, this may be built by increasing the role of direct access entities in the overall GCF strategy and explicitly indicating how they help to meet GCF goals. "Motivation" can be built through the use of incentives – both at the Secretariat level and at the country level. In its forward-looking recommendations chapter, the evaluation argues that the GCF could require international accredited entities to co-develop and co-implement projects and investments with direct access entities. It also argues for a clear and meaningful demonstration of stakeholder engagement. The evaluation team believes that it is this architecture of capability, opportunity and motivation that must come together for country ownership to be realized.

We believe that the GCF has the tools and the staff to realize the full potential of country-owned climate finance. As in all things, the importance of this work lies in the use of this work by the GCF Board, the accredited entities and the Secretariat.

My colleagues, from the IEU and our supporting team from ICF, look forward to seeing the GCF grow from strength to strength and delivering the vision we all share for it.

Dr. Jyotsna Puri

Head, Independent Evaluation Unit (IEU)

Green Climate Fund

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Dr. Jyotsna Puri, Head of the IEU of the GCF, provided overall guidance and oversight for the evaluation. The evaluation team was led by Dr. Solomon Asfaw, Principal Evaluation Officer. The evaluation report was jointly written by the ICF consulting team, co-led by Ms. Jessica Kyle and Dr. Detlev Puetz, and by IEU staff and consultants. Additional evaluation team members included Ms. Liza Ottlakán and Mr. Aemal Khan, from the IEU, and Dr. Johanna Polvi and Mr. Cory Jemison, from ICF. IEU team members provided critical data analysis support. They include Ms. Nayeon Kim, Mr. David Huang, Ms. Pamela Urbina Juarez and Ms. Viktoriya Khan. Crucial administrative support was provided by Ms. Elangtlhoko Mokgano, IEU Team Assistant. Mr. Greg Clough and Ms. Beverley Mitchell edited the report, and Ms. Giang Pham designed and formatted the publication. Dr. Archi Rastogi and Dr. Martin Prowse also provided comments on some chapters of the report. Gratitude is also expressed to Dr. Andrew Norton, who provided comments on the approach paper at an early stage of this process.

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ABBREVIATIONS

APR	annual performance report
CIF	Climate Investment Funds
CO_2	carbon dioxide
COP	Conference of the Parties
CP(s)	country programme(s)
CSO	civil society organization
DAE	direct access entity
GCF / (the) Fund	Green Climate Fund
GI	Governing Instrument
IAE	international accredited entity
IEU	Independent Evaluation Unit
ISP	Initial Strategic Plan
LDC	least developed country
NDA	national designated authority
NoL	no-objection letter
NoP	no-objection procedure
RPSP	Readiness and Preparatory Support Programme
SD	structured dialogue
SIDS	small island developing states
TOR	terms of reference
UNFCCC	United Nations Framework Convention on Climate Change
WWF	World Wildlife Fund

EXECUTIVE SUMMARY

A. Introduction

Context. The Green Climate Fund (GCF) is the world's largest dedicated climate fund and an official mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). **Country ownership is a core principle for the GCF** in pursuing its objective to promote a paradigm shift towards low-emission and climate-resilient development pathways in developing countries. The principle of country ownership and country drivenness is reflected in the GCF's **Governing Instrument** (GI) and various Board decisions. The **Conference of the Parties (COP) to UNFCCC** also recognizes the importance of enhanced country ownership in the GCF.

The GCF Independent Evaluation Unit conducted this evaluation as part of its 2019 Workplan, which was approved by the GCF Board at its twenty-first meeting (B.21) in October 2018.

Questions. The evaluation answers four important questions:

1. How does the GCF **conceptualize and operationalize country ownership** from the strategic and policy perspective?
2. How does the GCF contribute to **country leadership and engagement**?
3. How effective is the GCF in building **institutional capacity (in countries and in itself)** for country ownership?
4. How effective is the GCF in using its business model (especially **accreditation** and **direct access**) for supporting country ownership?

Methods. The evaluation uses a mixed-methods approach that combines quantitative and qualitative data and analysis. Data sources and methods included the following:

- **Semi-structured interviews and focus groups** with over 250 people, of which more than three quarters were at the country level, given the evaluation's focus
- Two **perception surveys**, including one administered in person at the country level and one administered online to all key GCF stakeholders
- Extensive **literature review** of both GCF and external documents
- **Benchmarking** and **meta-analysis** of the GCF with other global climate finance and multilateral institutions, as well as the international accredited entities (IAEs) of the GCF
- GCF **portfolio data analysis**, using data collected, analysed and quality assured by IEU DataLab
- Country case studies, including five undertaken by the evaluation team; overall, **IEU visits to 22 countries** informed the evaluation, including visits for other IEU evaluations

Definition of country ownership. In the absence of definitions and standards, the evaluation team relied on an **expansive definition of country ownership**, that encompasses key attributes of country ownership as understood by GCF stakeholders and includes normative standards for country ownership as identified in the development aid and climate finance literature. This definition also reflects the intentions of the GCF's Initial Strategic Plan (ISP), which highlights the **GCF's stated ambition to leverage its status to set *new standards* regarding country ownership**. The evaluation's definition of country ownership has three pillars:

1. **Countries lead and engage:** Countries lead strategic processes to identify GCF investments while ensuring alignment with national and other policies, and undertaking meaningful consultation through participatory processes with stakeholders.
2. **Countries have institutional capacity:** Stakeholders in-country have the capacity to plan, manage and implement activities that address GCF objectives.

3. **The GCF and countries share responsibilities and accountability:** The GCF, accredited entities (AEs) and recipient countries develop and adopt global best practices in planning, delivery and reporting on GCF investments (that help countries transition to low-emission and high-resilience pathways) and are accountable to each other for following and implementing these practices.

B. Country ownership – context and history

1. GCF mandate and context

The GI provides specific guidance on several attributes related to country ownership, including involvement of relevant stakeholders; simplified and improved access to funding, including direct access; support for programmatic approaches in accordance with country strategies and plans; and national designated authorities (NDAs). The **UNFCCC COP** has emphasized the important role of NDAs or focal points in country ownership, as well as the need for a transparent no-objection procedure (NoP) to be conducted through NDAs.

At its third meeting, the GCF Board recognized "*that a country-driven approach is a core principle to build the business of the Fund*" (decision B.01-13/06). This principle of country ownership has been reaffirmed and refined in numerous Board decisions and is **interwoven into many aspects of the GCF business model and GCF modalities, policies and procedures**.

Country ownership has also been a stand-alone agenda item at many Board meetings, focused initially on NDAs / focal points and NoP. **Guidelines for enhanced country ownership and country drivenness** were adopted later, through decision B.17/21. These guidelines describe submissions from Board/Alternate members on important components of country ownership, how to build country ownership through country programmes (CPs) and structured dialogues (SDs), and reflecting country ownership in operational modalities, including the Readiness and Preparatory Support Programme (RPSP), Project Preparation Facility, proposal approval process and accreditation process, as well as the key role of NDAs / focal points in these processes.

The GCF adopted two other relevant sets of **guidelines** at the Board's eighth meeting: one on initial best-practice guidelines for establishing NDAs / focal points, and a second on initial best-practice options for country coordination and multi-stakeholder engagement. These have not yet been revisited.

Country ownership is also one of the six criteria in the GCF's initial investment framework, where it is defined as "*[b]eneficiary country ownership of and capacity to implement a funded project or programme (policies, climate strategies and institutions).*"

2. Development and climate finance context

The concept of country ownership gained prominence with the aid effectiveness agenda in the late 1990s, when the focus of the international aid architecture began to **shift from donor-driven decision-making towards empowering recipient countries and greater partnership.**

Country ownership is now a cornerstone of climate finance, particularly following the 2015 Paris Agreement. The UNFCCC considers country ownership critical for the delivery of effective climate finance. Attributes of country ownership in climate finance include consistency of climate finance with national priorities, the degree to which national systems are used for both spending and tracking, and the engagement of a wide range of stakeholders.

C. KEY FINDINGS AND OPPORTUNITIES

QUESTION 1: HOW DOES GCF CONCEPTUALIZE AND OPERATIONALIZE COUNTRY OWNERSHIP?

Key finding 1a: **The GCF has not defined country ownership and uses a flexible approach.** This approach focuses on establishing and capacitating the NDA / focal point, engaging multiple stakeholders, developing CPs and encouraging direct access. On paper, it broadly responds to the three attributes of country ownership most commonly identified by GCF stakeholders: (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.

Key finding 1b: **GCF policies have considered country ownership. But these policies are only partially sufficient for realizing country ownership.** GCF policies regarding stakeholder engagement do not adequately support a definition of country ownership that extends beyond the national government.

Key finding 1c: **Country ownership is important among the GCF's many principles and priorities, including paradigm shift, but having to respond to all of these creates potential trade-offs and, currently, the GCF has no transparent way to deal with these.** Since country ownership is both a principle (as mentioned in the GI) and an outcome (as laid out in the investment criteria), this provides no operational guidance to the GCF and creates tensions during decision-making. Additionally, as an investment criterion, country ownership is not useful for investment prioritization.

Key finding 1d: **Country ownership is a shared responsibility between the GCF and countries, and the GCF has not met its own responsibilities for countries.** A lack of predictability, transparency and efficiency on the part of the GCF has hindered countries' abilities to make informed, country-led decisions about how to engage with the Fund. At the same time, the GCF rightly anticipated the importance of readiness and preparatory support and has provided substantial support to GCF-eligible countries, with priority to African States, small island developing states (SIDS), and least developed countries (LDCs).

Opportunities

Key opportunity 1a. **The GCF must find ways to address the potential trade-offs between country ownership, paradigm shift and an AE-driven business model.** One opportunity for the GCF Secretariat is to develop and provide guidance on the focus of its investments. Focusing investment portfolios to thematic areas or technologies or subgeographies may help the GCF define its goals for "paradigm shift" and may also provide more guidance and impart much-needed understanding to countries. Another opportunity is for GCF staff to work more closely with countries and AEs in co-developing country-owned ideas.

Key opportunity 1b. The GCF has an opportunity to **create predictable and efficient business processes for countries** by offering well-announced goals around resources and/or number of projects in a replenishment cycle. It should also focus on increasing the efficiency of its project cycle and accreditation process.

QUESTION 2: HOW DOES GCF CONTRIBUTE TO COUNTRY LEADERSHIP AND ENGAGEMENT?

Key finding 2a: **All GCF-eligible countries have national climate change policies, strategies or plans with the potential to**

guide GCF investments. So far, GCF investments have aligned with these strategies and priorities. The quality of countries' policies and strategies, however, and the extent to which they are legally institutionalized and enforced, varies significantly. The new RPSP Strategy for 2019–21 emphasizes strengthening these policy frameworks, including national adaptation plans. It is too early to gauge the effectiveness of this strategy.

Key finding 2b: **The GCF has largely relied upon existing national climate change coordination structures, rather than creating parallel structures. This approach supports country ownership.** Most of these structures enable interministerial coordination. However, only about half of the GCF countries for which information was available have a coordination structure that formally includes non-state actors. And nearly a third of the 22 case study countries still do not have a climate change coordination structure at all.

Key finding 2c: **Multi-stakeholder engagement has been insufficiently demonstrated during the GCF investment cycle.** More than 40 per cent of funding proposals do not describe stakeholder groups consulted during design, and in implementation, annual performance reports (APRs) are not made public, limiting transparency and accountability for the GCF. Overall, the GCF has provided inadequate guidance on its expectations for multi-stakeholder participation and examples of best practices for meaningful engagement.

Key finding 2d: **CPs have not delivered on their aims yet.** The aims of CPs are identifying areas of highest impact and paradigm shift potential, developing a country-owned pipeline and identifying areas for strategic use of RPSP support. Significant RPSP resources have been committed for CP development in more than 100 countries, although only 23 CPs have been finalized and officially submitted. Yet, the GCF has not articulated the purpose of CPs, either for countries or for itself.

While countries have used CPs to identify priorities for engagement with the GCF, they have frequently struggled to prioritize their investment pipelines because of the absence of investment-related guidance from the GCF on, for instance, investment goals, programmable resources per country, or number of projects. In the absence of these, CPs pose a reputational risk for the GCF, because they generate expectations among its stakeholders that the Fund will support all project ideas included in them. CPs have particularly not been successful in identifying private sector projects.

In many countries, the CP was viewed as a GCF requirement to satisfy, rather than contribute to, country planning or developing a GCF investment pipeline. Some countries recognize some value in a comprehensive climate finance planning exercise rather than a GCF-specific one, while others do not. A significant shortcoming in this context has been the lack of clear guidance on CPs from the GCF Secretariat.

Opportunities

Key opportunity 2a. **The GCF should continue to use and contribute to strengthening existing climate finance coordination structures**. Focusing on strengthening existing systems and avoiding duplication increases political buy-in, saves scarce resources and promotes sustainability over time.

Key opportunity 2b. **The GCF should consider incorporating minimum standards for stakeholder membership in country coordination mechanisms**, given the GCF's commitment in its GI to "*develop mechanisms to promote the input and participation of stakeholders, including private sector actors, civil society organizations, vulnerable groups, women and indigenous peoples*."

Question 3: How effective is GCF in building **institutional capacity** (in countries and in itself) for country ownership?

Key finding 3a: **The GCF has successfully supported the establishment of NDAs / focal points in nearly all eligible countries (147 out of 154).** Most countries have received or are receiving support from the RPSP to build their capacity. There is no conclusive evidence for the "best" institutional location for the NDA / focal point. However, trade-offs are often noted between technical expertise in climate change (in line ministries responsible for the environment or natural resources) and convening power and stronger mobilization of co-investments (by ministries responsible for finance, economy or planning). Ultimately, coordination with other ministries and agencies is a core responsibility of the NDAs / focal points.

Key finding 3b: **NDAs / focal points are generally seen by country stakeholders to have the capacity to make informed decisions on public sector no-objection letters (NoLs) and to develop CPs. However, NDA / focal point capacity to effectively engage the private sector is much weaker, and their role in providing oversight during project implementation is insubstantial.** Common constraints to NDA / focal point capacity relate to human resources (including the number of dedicated staff, staff turnover, and competing priorities for staff time), and limited management and technical skills. These challenges point to the need for ongoing support for focused and sustained capacity.

Key finding 3c: **The GCF Secretariat and regional advisers have been important conduits of information to countries. This is critical for countries to take ownership of their engagement with the GCF. Nonetheless, 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.** The GCF approach to capacity-building – through the RPSP, SDs and other country, regional and global events – has been adaptive to evolving needs over time. Events have been more helpful for awareness-raising than capacity-building. Countries also raised concerns about the need for differential treatment of countries.

Opportunities

Key opportunity 3a. **The GCF Secretariat is currently undergoing a restructuring, offering a critical opportunity to rethink how its structure and incentives can best support countries to *own* their engagement with the Fund.** The GCF also has an opportunity to revitalize its capacity-building events to meet the evolving and increasingly differentiated needs of eligible countries. This may include, for example, building in incentives within the Secretariat to provide the "best solutions" for climate impact for a country, rather than solutions that are modality driven.

Key opportunity 3b. **The GCF has much to learn from the experiences of other climate and development institutions.** One particular opportunity is to pay close attention to the Global Fund's new pilot initiative to strengthen the performance of their country coordination mechanisms. This initiative looks at differentiating the model to adapt to very different country circumstances and uses a co-creation model between country and Global Fund support teams.

Key opportunity 3c. **The GCF approach to the use of country systems needs to be far more proactive and purposeful.** The GCF has an opportunity to lead the field in this area, given the prominence of direct access in its business model. The GCF may wish to monitor the influence of its accreditation of direct access entities (DAEs) on the strength of these systems, as well as encourage countries to align results monitoring with national results systems.

Question 4: How effective is GCF in using its **business model** (accreditation and direct access) for supporting country ownership?

Key finding 4a: **Direct access is perceived as fundamental for country ownership by country stakeholders, but the goals of direct access have only been partially achieved so far.** At time of writing, 51 DAEs have been accredited, of which 38 are national, and 13 are regional; this exceeds the number of IAEs (37). But less than one third of all eligible countries currently have GCF access through at least one accredited national DAE, with even fewer in SIDS. In the end, fewer than one third of funding proposals and concept notes have been submitted by national or regional DAEs.

Key finding 4b: **DAE nominations by NDAs are driven by the motivation to access the GCF quickly rather than by strategic, long-term considerations.** Guidance from the GCF on how to strategically approach DAE nomination has been non-existent/insufficient. Uncertainty remains about the optimal number of DAEs in each country to ensure coverage of country climate needs and priorities.

Key finding 4c: Although shorter on average than for IAEs, **the impact of the accreditation process for DAEs has been perceived as negatively affecting country ownership.** Inefficiencies and delays have substantially frustrated applicants. Differentiation in the accreditation process is seen as insufficient by many country stakeholders. Few CSOs have been accredited as DAEs.

Key finding 4d: **DAE capacities and experience to address their countries' prioritized climate needs are more evident in regional than national DAEs.** Countries also have fewer opportunities to carry out large projects and higher-risk projects with DAEs than with IAEs. **DAE capacities for the development of GCF funding proposals vary but are often quite low.**

Key finding 4e: **Many IAEs are regarded with scepticism by country stakeholders in terms of their commitment to country ownership. IAEs commonly describe their approach to country ownership in the GCF as business as usual, highlighting ownership as a fundamental part of their business model.** The evaluation found examples of IAE support to DAEs for accreditation but could not find conclusive evidence for this support being triggered by commitments made by IAEs to the GCF.

Opportunities

Key opportunity 4a. **Most DAEs need significant support to achieve accreditation and develop project proposals.** The GCF business model includes both IAEs and DAEs while offering an opportunity to better support national DAEs. The GCF could consider requiring IAEs to twin with DAEs when submitting proposals. "Twinning" (or co-development and co-implementation) could be an opportunity to build the capacity of DAEs but also make IAE investments more country-led and better ensure they are implemented through country systems. Twinning could also be built into the GCF by asking IAEs to combine forces with nominated DAEs that may be executing entities. Such arrangements will have the potential to ensure that the IAE and DAE are jointly accountable for GCF investments.

Key opportunity 4b. **GCF private sector investments face multiple challenges with country ownership**. First, better informed and advised NDAs and integrated private sector strategies in CPs are likely to go a long way towards enhancing country-owned and country-driven private sector projects and investments. Second, the GCF should reduce transaction costs for working with private entities and help build capabilities for innovative technical and business climate investment models. The planned GCF private sector strategy should offer clear guidance to countries on the full range of private sector investment opportunities, models and capacity support modalities available through the GCF.

Key opportunity 4c. **The GCF has a substantial opportunity to encourage countries to take a longer view of DAE nominations.** CPs, country climate finance strategies and prioritization for the GCF should drive decisions regarding the type and number of entities. The GCF could also help countries make informed decisions on DAE nominations by providing more clarity about resource availability. This would help countries and interested entities determine the "right" number of DAEs for the medium- and longer-term future.

D. KEY RECOMMENDATIONS

Overall, the GCF has identified many of the right elements for an approach to country ownership, but it has not sufficiently operationalized these elements through its policies, guidance, support and accountability measures. The GCF has set a high ambition for itself – to set new standards regarding country ownership – which it has not yet met. With this ambition in mind, this evaluation makes two overall recommendations. The first focuses on the GCF's ambition and vision for country ownership. The second recommends actions that will help the GCF address the opportunity, capacity and motivation related constraints that countries face to taking stronger ownership of their engagement with the GCF.

OVERALL RECOMMENDATION 1

Realize the Fund's ambition for *country* ownership and fully embrace a definition of country that goes beyond national government.

Recommendation 1a. **Develop a normative standard for country ownership**, recalling the GCF's 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.

Recommendation 1b. **Make country ownership an eligibility condition, not a prioritization criterion for investment decision-making**. More accountability around NoPs could help ensure that NoLs can be interpreted as a valid signal of broader country ownership. Drawing on the experience of other global funds, for example, the GCF could consider requiring transparent documentation of NoPs.

Recommendation 1c. **Strengthen the approach to stakeholder engagement** by reformulating definitions and principles of engagement, especially for non-state stakeholders within countries. GCF guidance should recognize the special space for engaging the minority, the disenfranchised and the vulnerable, because they are most affected by climate change. Guidance should also recognize the important role of subnational actors. It should clearly define what is meant by terms like "civil society" and be more specific about what constitutes meaningful engagement. Tangible examples of best practices would also help. The GCF can and should set new standards in this space.

Recommendation 1d. **Promote the public release of documents.** The transparency and public release of key documents, such as CPs and APRs, is critical for public accountability, as well as to enable NDAs / focal points to provide oversight of their GCF portfolios.

Recommendation 1e. **Encourage AEs to use country systems**, such as public finance management systems, procurement systems and results systems. The GCF should track progress in the use of country systems among AEs, with a goal towards increased reliance on such systems.

OVERALL RECOMMENDATION 2

Strengthen guidance and support to countries to better enable them to assume ownership of their engagement with the GCF. Develop measures to ensure that both the GCF and countries are held to account.

Recommendation 2a. **Strengthen support for NDA / focal point capacity.** NDAs / focal points could benefit from the following:

- A living handbook of responsibilities and best practices for NDAs / focal points. The initial guidance approved at B.08 is not sufficient.
- Ongoing financial support for a secretariat function in NDAs / focal points with eligibility/accountability measures in place. The evaluation has shown that NDAs / focal points are often understaffed, with many competing demands on staff. Benchmarking analysis shows that country coordination mechanisms function best when they are supported financially and with training over the long-term. The level of financial support could, for instance, be in the form of salary top-ups. Overall, this is likely to vary among countries. The experience of other global funds has shown that these amounts do not need to be substantial but can be critical and should be paired with sustained training.
- NDAs / focal points need a clearer mandate for the oversight role they are expected to play during project implementation.
- NDAs / focal points need to be recruited, trained and supported for engaging the private sector in-country and internationally.

Recommendation 2b. **Strengthen and re-structure the Secretariat and (its divisions) by building the right incentives and opportunities for staff to provide advisory support to countries that maximizes impact on countries' climate needs and strengthens countries' ownership of GCF investments.** The Secretariat should re-organize itself with the aim of providing the best solutions and support to countries. Countries need access to GCF representatives who have detailed knowledge of both the GCF and national and regional circumstances, and who can provide technical assistance to countries.

Recommendation 2c. **Pursue CPs only if their purpose and clarity are developed and well communicated. The GCF should develop a CP strategy** that provides the following:

- **A sound rationale and clear incentives for countries to develop CPs** that explain how CPs may contribute to fostering agreement between government and non-government actors on GCF investment priorities. The CP strategy should also indicate how CPs may support paradigm-shifting and high-impact objectives of the GCF.
- **An indication of the scale of resources that will be programmed by the GCF both globally and by country during its strategic plan period.** Benchmarking analysis shows the importance of this in contributing to country-level planning. So far, this guidance has been informally communicated, which is not propitious for transparency and predictability.
- **Clear guidance on GCF eligibility considerations, investment criteria and funding modalities is required and should inform pipelines in CPs** to help ensure they are compatible with GCF objectives. Benchmarking analysis shows that when CP processes fall short on these points they are not effective in identifying project ideas that are eligible for funding, especially where country stakeholder capacities are low.

Recommendation 2d. **Take leadership in building a "choice architecture" that provides the capabilities, opportunities, and motivations for countries and GCF Secretariat staff to choose and use**

DAEs and strengthen ownership by countries. One key opportunity is to ask mature IAEs to co-develop and/or co-implement GCF investments jointly with nominated DAEs. The GCF may generate the second opportunity through the planned GCF accreditation strategy. Among other issues, this strategy should address critical questions concerning the goal of accreditation and direct access (beyond process), as identified through this evaluation. These include whether accreditation is mainly concerned with creating a portfolio of entities that can manage GCF investments, or with a portfolio of entities that are climate finance ready, beyond the GCF.

The GCF should also encourage and incentivize countries and DAEs to take a more strategic approach to nominations for direct access for the medium- and longer-term future. CPs and/or country climate finance strategies should drive the decision on the type and number of entities nominated. More clarity from the GCF on resource availability and priority focus areas would help encourage more strategic nominations.

E. Conclusions

This evaluation outlines the important opportunity the GCF now has to show leadership and set new standards for country ownership – a concept that has otherwise become weak with time. By setting up an ecosystem that builds the capabilities, opportunities and incentives for country ownership, the GCF will be able to demonstrate and realize its own aspirations for ensuring that countries lead, own and manage their climate investments and development pathways. This evaluation lays out key ways in which they may be achieved during the GCF's new strategic plan.

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