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GREEN CLIMATE FUND | Independent Evaluation Unit

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

Background

At its twenty-first meeting in October 2018, the Board of the Green Climate Fund (GCF) approved the 2019 Work Plan of the Independent Evaluation Unit (IEU) of the GCF. A key element of this plan was to conduct an independent evaluation of the GCF's country ownership approach (COA). Country ownership is a core principle of the GCF, as reflected in its Governing Instrument.

Overview: what is country ownership?

The IEU definition of country ownership is based on three attributes. These attributes reflect the understanding of GCF stakeholders, as well as the international discourse on climate finance, development aid, and ownership. Country ownership can be said to exist when:

1) The country takes leadership in the strategic processes for identifying GCF investments, while ensuring alignment with national and other policies, and while undertaking meaningful engagement with stakeholders.

2) The country has institutional capacity to plan, manage and implement activities that address GCF objectives.

3) The country, accredited entities and GCF share responsibilities and accountability, and develop and adopt global best practices in planning, delivery and reporting on GCF investments.

Importantly, according to the IEU evaluation, country ownership must extend beyond government actors and include non-state stakeholders that represent locally differentiated climate change aspirations that align with national climate change policies.

Why is country ownership important?

Encouraging a country to take greater ownership of the GCF climate funds it receives will help build local climate management capacity, encourage greater

Women trade and sell goods at a local Sunday market, Santa Maria de Jesus, Guatemala.

cooperation between state and non-state players, encourage accountability among entities handling investments, embrace local knowledge for solving local problems and empower countries to better combat future climate challenges. By encouraging greater country ownership, GCF will help developing countries deliver actions that target their specific needs in combatting climate change, protecting livelihoods and the environment, and improving people's lives.

Key questions and findings

1.How does GCF conceptualize and operationalize country ownership?

1.a: The GCF has not defined country ownership and uses a flexible approach. The attributes 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, (3) a greater say in the use of climate finance.

1.b: GCF policies take into consideration country ownership. But these policies are only partially sufficient and do not adequately support a definition of country ownership that extends beyond the national government.

1.c: Country ownership is embedded in many GCF principles, including paradigm shift. But responding to the ownership requirement in these policies can create potential trade-offs, for which GCF has no transparent way to handle. Additionally, as an investment criterion, country ownership is not useful for prioritization.

1.c: GCF has not fulfilled its share of the responsibility for helping countries develop country ownership. GCF's lack of predictability, transparency and efficiency has hindered countries' abilities to make informed, country-led decisions about how to engage with the Fund.

2. How does the Green Climate Fund contribute to country leadership and engagement?

Farmers trade sheep and exchange farming news at a local souk near Ouarzazate, Morocco.

2.a: All GCF-eligible countries have national climate change policies, strategies, or plans with the potential to guide GCF investments. While GCF investments have aligned with these strategies and priorities, the quality of countries' policies and how they are legally institutionalized varies significantly.

2.b: GCF largely relies on existing national climate change coordination structures, rather than creating parallel structures. This approach supports country ownership. However, current information suggests only half of these countries have coordination structures that formally include non-state actors.

2.c: GCF's investment cycle lacks sufficient multi-stakeholder engagement. Overall, the GCF has provided inadequate guidance to local entities on its expectations for multi-stakeholder participation and examples of meaningful engagement.

2.d: Country Programmes (CPs) aim to identify areas of highest impact and paradigm shift potential and to develop country-owned pipelines. But CPs have not delivered on these aims, largely due to GCF not articulating the purpose of CPs – either for countries or for itself. By not providing CPs with investment guidance, CPs now pose a reputational risk for GCF by creating expectations that GCF will support all projects in the CP pipeline.

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

3.a: The GCF has successfully supported the establishment of National Designated Authorities (NDAs) / focal points in 147 out of 154 eligible countries (95 per cent). It remains unclear whether NDA / focal points are better located in environment-related or finance/planning-related ministries. Ultimately, coordination with government agencies is a core responsibility of the NDAs / focal points.

3.b: Country stakeholders generally agree NDAs / focal points are able to make informed decisions regarding the public sector and CPs. However, NDA / focal points are considered less effective in engaging the private sector and providing oversight during project implementation. NDA / focal points often lack capacity in technical skills, human resources, and management. This suggests a strong need for ongoing capacity building.

3.c: The GCF Secretariat and regional advisers are 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 local knowledge to support NDAs / focal points. Countries have also raised concerns about the need for differential treatment of countries.

4. How effective is GCF in using accreditation and direct access for supporting country ownership?

4.a: Country stakeholder regards direct access as fundamental to country ownership but feel the goals of direct access have been only partially achieved. Fifty-one direct access entities (DAEs) have been accredited, exceeding international accredited entities (IAEs) by 14. But less than one-third of all eligible countries currently have GCF access through at least one accredited national DAE. Fewer than one-third of funding proposals and concept notes have been submitted by national or regional DAEs.

4.b: In nominating DAEs, NDAs have been motivated by gaining quick GCF access rather than by long-term strategic considerations. GCF guidance on how to strategically consider DAE nomination has been inadequate.

4.c: Although generally shorter in duration than for IAEs, the inefficiencies and delays of the DAE accreditation frustrate applicants. Many country stakeholders feel differentiation in the accreditation process is insufficient.

4.d: DAE capacity and experience to address country climate priorities 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. DAEs' capacity for developing GCF funding proposals vary but are often weak.

4.e: Many country stakeholders are skeptical of IAEs' 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 GCF.

Key recommendations in the independent evaluation

Based on these four sets of findings the IEU has made seven key recommendations for improving the GCF's country ownership approach.

1. Operationalizing a normative standard (agreed understanding) of country ownership that extends beyond the national government.

2. Country ownership should become a single, minimum eligibility criterion.

3. Initiate a proactive strategy for developing Country Programmes. The strategy should incentivize countries to develop quality country programmes that foster agreement between governments and non-government actors and identify high-impact and paradigm-shifting pipelines.

4. Create a handbook of best practices and provide training support for the secretariat in NDAs / focal points.

5. Encourage IAEs to co-develop or co-implement GCF investments jointly with nominated DAEs. This is likely to build direct access entity capacity and ensure international accredited entity investments are more country-led.

6. Improve transparency by promoting the public release of documents relating to country programmes and annual performance reports.

7. Build a strategy for DAEs and indicate how, when and what DAEs will support in the GCF strategy. The GCF could help countries make informed decisions on DAE nominations by providing more clarity about resource availability.

The IEU's Solom Asfaw (second left) participates in a discussion in Fiji.

Methods

The evaluation put together a normative framework and used mixed-methods that included both quantitative and qualitative data collection and analysis. Sources of data used included both primary and secondary sources from programme, policy and project documents; an analysis of the entire GCF portfolio; a database review; a perception survey of key GCF stakeholders; key informant interviews and focus group discussions; and a series of country case studies that were purposively selected to provide the evaluation team with insights into implementation and structures within countries. Countries visited during the study included Colombia, Indonesia, Fiji, Malawi, Morocco, Sri Lanka, Uganda and Vanuatu.

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