



FIFTEEN QUICK KEY TAKE-AWAYS

FINDINGS FROM THE IEU'S FORWARD-LOOKING PERFORMANCE REVIEW

(1 OF 4)

JUNE 2019

HOW CAN THE GCF BE *FASTER, BETTER, SMARTER* DURING ITS NEXT STRATEGY PERIOD?

FIFTEEN TAKE-AWAYS FROM IEU'S FORWARD-LOOKING PERFORMANCE REVIEW OF THE GREEN CLIMATE FUND.

1. BACKGROUND

The IEU undertook a forward- and backward-looking review of the GCF's performance during its initial resource mobilization period and presented the report to the GCF Board at its twenty-third meeting in July 2019. The overall objective of the Review is to understand how the GCF can *better* serve the needs of developing countries by fulfilling the mandate provided by the UNFCCC.

Here are 15 key take-aways from the Review.

1. The GCF has the potential to be a **thought-leader** and **lead convener** in the climate finance space.
2. The GCF **business model is valid and useful**. With its lean structure, ability to learn and work through accredited entities, the business model represents a cost-efficient structure.
3. The Fund's **disbursement rates** are low at nine per cent of project commitments.
4. Although there is wide interest in working with the GCF, currently it takes new entities more than 1200 days to get to the **first GCF dollar**.
5. **Direct access entities** that have been accredited, reach effectiveness faster than international access entities. The GCF could use **differentiated models** that are customized to needs and capacities of entities.
6. **The GCF's accreditation process needs an overhaul and a strategy**. Currently, the process has elements that do not incentivize co-investments or focus on producing environmental and social benefits. This needs to be corrected.

7. The GCF should develop an **innovation hub** that provides a platform for supporting new solutions and testing the field-effectiveness of climate-related ideas.
8. The Secretariat should **structure** itself to provide the **best solution** to countries. Regardless of which division of the Secretariat division a country first contacts, the GCF should promote financial solutions that best meet country needs.
9. The GCF should *also* build a **15-year planning cycle** to provide visibility of its overall objectives while ensuring that it is able to meet all its objectives as enshrined in the Governing Instrument.
10. The GCF's **policy burden** and **policy gaps** are responsible for many of its current challenges. It needs to find outside the box solutions that do not burden entities with ever changing requirements.
11. Currently **civil society and private sector organizations** do not play a significant role in GCF's overall decision-making and this needs to be remedied quickly.
12. The GCF's **mitigation related investments** could employ more **concessional finance instruments** and debt. GCF has the potential to be a lead influencer in the mitigation space.
13. **Adaptation** needs to be a bigger focus in GCF's overall investment portfolio.
14. The GCF's adaptation portfolio is not taking advantage of the **innovative financial instruments** available. Many such as impact investing and resilience bonds are areas where the GCF could provide leadership.
15. There is a **potential for increased delegated authority** to the Secretariat by the GCF Board.

List of FPR Notes:

1. 15 quick key take aways from the FPR
2. Overview of the Review
3. What can the GCF Private Sector Facility do faster, better, smarter?
4. What are we learning about GCF's accreditation process?



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