



## SUMMARY OF THE REVIEW

JUNE 2019

### FINDINGS FROM THE IEU'S FORWARD- LOOKING PERFORMANCE REVIEW (2 OF 4)

#### I. BACKGROUND

The Forward-Looking Performance Review (FPR) of the Green Climate Fund (GCF) was submitted to the GCF Board at its twenty-third meeting, marking a pivotal moment in the GCF's evolution and replenishment process. Key recommendations from the FPR aim to help the GCF become faster, better and smarter during its next strategy period.

#### II. KEY RECOMMENDATIONS

The FPR recognizes that the needs, challenges and actors in climate financing have changed greatly since the GCF was established. This highlights the need for urgency in reviewing the GCF. The FPR concluded that the GCF needs to act speedily, deliver rapidly and address developing country climate needs more innovatively, transparently and significantly, with a larger, clearer impact. Accordingly, **the FPR made four key recommendations:**

**One:** Strengthen criteria, business processes and implementation structures that are likely to better address differentiated developing country needs and capacities, with a focus on Direct Access Entities. Within this, develop key performance indicators and targets to track transparency, speed, predictability, impact and innovation.

**Two:** Develop a strategic plan that focuses the GCF on being a global thought leader and a climate policy influencer, and one that establishes its niche commensurate with innovation and impact.

**Three:** Re-emphasize adaptation while recognizing (and leveraging) the role of new actors in mitigation (and their special needs), and strengthen the role of the private sector in an overall symbiotic ecosystem of financial instruments and modalities that enable better access, transparency and predictability for entities, and foster innovative solutions and global climate impact for countries.

**Four: Clarify and re-examine the separation of supervision and management in the GCF and consider delegating authority to emphasize agency, responsibility and urgency in delivering on developing country climate needs** (predictably, transparently, speedily, innovatively and with impact).

### III. THE SCOPE OF THE IEU'S REVIEW

The scope of the FPR, as set out in Decision B.21/17, is to assess:

- GCF's progress in fulfilling its mandate as set out in its governing instrument, its initial strategic plan and its business model, with special focus on GCF's success in responding to the needs of developing countries.
- GCF's performance, including its funded activities, its likely effectiveness and efficiencies, and its disbursement levels to funded activities.
- GCF's portfolio and pipeline, its application of financial instruments, the expected impacts of funding decisions and other support activities in terms of mitigation and adaptation.
- GCF's performance on both a forward- and backward-looking basis.

The Board also asked that the FPR inform the replenishment process.

Based on these aims and with guidance from the GCF's governing instrument, the FPR's overall purpose was to assess if the GCF will be able to actively promote a paradigm shift in climate finance.

### IV. BACKGROUND AND OBJECTIVES

As the world's largest dedicated climate fund, the GCF is uniquely positioned to help developing countries turn their climate ambitions into action. In the five years since commencement of its initial resource mobilization, the GCF has, as of February 2019, achieved the following:

- Reached 97 countries with project funding and over 120 countries with project preparation and readiness support programmes.
- Committed just over USD 5.3 billion (or 75 per cent) of the USD 7.1 billion of available pledged capital to projects and programmes.
- Leveraged anticipated additional co-financing of up to USD 12.6 billion in investments in GCF supported projects.
- Received more than USD 20 billion in project ideas from country programmes and entity work programmes.

Significantly, the GCF is expected to leverage additional co-financing of USD 12.6 billion in investments for GCF supported projects – additional funding that will benefit more than 276 million people.

### V. THE REVIEW'S SEVEN TOPICS

The Review bases its four key recommendations on the analysis of seven key GCF topics:

- The context in which the GCF was established to respond to the question of whether the GCF was fit for purpose.
- An assessment of the initial strategic plan and the consequent priorities and criteria.
- The effectiveness and efficiency of GCF policies and frameworks, including the accreditation process.
- The GCF business model.
- The GCF's performance, especially its project cycle.
- The role of the private sector and the GCF Private Sector Facility.
- Actual and expected results.

## VI. SUMMARY OF THE REVIEW'S FINDINGS

The FPR finds that the GCF had made several key achievements by the end of February 2019. These include:

- An influential Board with equal representation and voice for recipients and contributors.
- Establishment of a new Fund that is independent of other existing climate funds, with an organizational structure, staff and an ISP.
- A Secretariat with an executive director (the first was appointed in June 2013), and three independent units.
- Pledges of up to USD 10.3 billion.
- Approval of key policies and frameworks that form the backbone of the Fund, including the initial investment framework and policies related to environment and social safeguards risk, gender, indigenous peoples, results, performance and information disclosure.
- Eighty-four accredited entities (AEs) (national, regional and international) with the potential capacity to operationalize the GCF's overall mandate in countries.
- A portfolio of 102 approved funded projects (valued at above USD 5.0 billion along with USD 12.6 billion in co-financing) as well as USD 324 million to other key programmes such as the Readiness Preparation and Support Programme and the Project Preparation Facility.
- A little more than two fifths (41 per cent) of the Fund's committed capital to projects is under implementation, and 9 per cent of its project commitments are disbursed.
- Continuing responsiveness to guidance from the UNFCCC/COP.

## VII. KEY FIGURES FROM THE FPR

- The process for accessing GCF funds takes more than 1000 days.
- The FPR is based on an analysis of more than 50 GCF policies.
- 9 per cent of committed funds are disbursed to projects.
- 102 approved funded projects were reviewed in producing the FPR.
- Research for the FPR included visits to 12 countries.
- 500 people were interviewed for the Review.

## VIII. STRONG STAKEHOLDER INPUT FOR GCF REVIEW

The FPR team has collaborated closely with all relevant stakeholders to keep them informed of the FPR's progress and to get their feedback. It engaged with Board members, the Secretariat, and representatives from national designated authorities, accredited entities, civil society organizations, and other stakeholders. In addition, they held in-person interviews during 12 country missions, oversaw an online survey that reached more than 500 GCF stakeholders globally, and reconstructed the GCF theory of change through a multi-stakeholder participatory process.

## IX. METHOD

The FPR uses a mixed-methods approach that combined quantitative and qualitative methods and data. The IEU DataLab input data from various sources, internal and external to the GCF, ensured its consistency and analyzed key statistics. The main data sources and analysis methods in the FPR include:

- Semi-structured interviews, focus groups and an online survey.
- An extensive review of Board decisions, GCF documents and external literature on climate and climate finance.
- A synthesis of existing and past reviews and GCF evaluations and their critical appraisal.
- An analysis of GCF's investment portfolio.
- Geographic information systems data and analyses.
- Evaluation missions to 12 countries representing a diversity of implementation experiences, including Small Island Developing States, African States and Least Developed Countries.

The FPR examines all activities supported by the GCF, such as policies, strategies, business model, systemic and emerging corporate topics, organizational structure and partnerships, processes and the performance of GCF's programmes and initiatives. The FPR's period of analysis covers 2015 to early 2019, with data included up to 28 February 2019.

### 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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