

## II. Forward-looking Performance Review Management Action Report

Reference No.	FPR recommendation	Management response	IEU ratings	IEU comments
<b>Overall recommendation 1</b>	<b>Strengthen criteria, business processes and implementation structures that are likely to better address differentiated developing country needs and capacities with a focus on disbursing through direct access entities (DAEs). Develop key performance indicators (KPIs) to track transparency, predictability, speed, impact and innovation.</b>			
1a	Consider revising the accreditation framework and process. Develop a strategy for accreditation that will bring in institutions that have capacities and strategies commensurate with those of the GCF and that will help it achieve its mandate and strategic plan.	In principle, the Board approved a project-specific assessment approach at B.23. Furthermore, the Accreditation Committee supported by the Secretariat has put forward some additional proposals that would further address recommendation 1a. The updated accreditation framework will be presented at B.24.	Low	<p>In decision B.24/13, the Board decided to defer its consideration of the updated accreditation framework and the implementation arrangements and budget for the project-specific assessment approach until the twenty-fifth meeting of the Board (B.25). Subsequently, the updated accreditation framework was included in the provisional agenda for B.28 and B.29 but was not opened for discussion.</p> <p>The Secretariat underscored that the Updated Strategic Plan (USP) (decision B.27/06) partially addresses the recommendation on an accreditation strategy through Strategic Priority 4.4. This priority sets out high-level directions on taking a more strategic approach to accreditation (see paras 25 and 26(a) in particular) including "focusing on selection of AEs that are best suited to support the objectives of the GCF and match the programming and project delivery capabilities needed to implement countries' programming priorities", and other parameters.</p>
1b	Consider building a solutions-driven structure in the Secretariat that encourages a one-GCF approach and in which staff are incentivized for providing solutions and	As highlighted in the initial management response delivered at B.23, key aspects of the GCF business model are currently under Board review to make them more fit-for-purpose in response to lessons from the IRM. This includes the reviews of the accreditation	Medium	The key actions for 2020–2023 in relation to improving access to GCF resources, as identified in the USP, include: adopting a more strategic approach to accreditation; streamlining the accreditation process and developing alternative accreditation modalities, including a project-specific assessment approach (PSAA); significantly increased portfolio-level mobilization achieved through the GCF contributions to private sector projects under the PSF, relative to the initial resource

	meeting the needs of countries in effective ways, including by using innovative financial solutions and leveraging other institutions for the greatest impact of GCF investments on countries' needs.	framework, the investment framework, modalities of the Private Sector Facility (PSF) and the results management framework (RMF).		<p>mobilization (IRM); and fostering climate mainstreaming across the GCF partnership network.</p> <p>The Secretariat further underscored, that in addition to the management response, the USP capability review completed in early 2021 undertook a comprehensive internal business process diagnosis and identified an agenda of change initiatives to improve Secretariat performance. This included actions to strengthen collaboration and a solutions-driven approach (e.g. in the interdivisional review teams). These recommendations have been integrated into the Secretariat's 2022 work programme, including through the introduction of new collaboration KPIs into individual performance management development system goals.</p> <p>However, all these actions are yet to be realized as neither the PSAA nor the updated accreditation framework, nor the private sector strategy have been adopted by the Board. The Board has adopted the integrated results management framework (IRMF), at B.29.</p>
1c	Consider incorporating processes in the business model that are sensitive to different needs of countries, entities and investments.	In 2019, the Secretariat has also taken a series of steps to streamline project processes to clarify the roles and responsibilities of GCF stakeholders and enhance transparency, speed, responsiveness and impact. These steps include: (i) mapping of the project cycle; (ii) review of the Secretariat's second-level due diligence; (iii) preparation of programming, operations and policy manuals; (iv) development of an internal investment criteria scoring tool to improve the	Medium	<p>Developed through a consultative process involving the Secretariat, the independent units and GCF partners, the Secretariat launched an Operations Manual as well as a Programming Manual. The Programming Manual outlines the roles of key stakeholders throughout the project approval cycle and provides guidance on how to prepare and submit a funding proposal (FP) that meets all GCF investment criteria. The Programming Manual aims to make project origination, development, appraisal, approval, and implementation processes more transparent and predictable, as well as to simplify and accelerate access to GCF resources. The internal-facing operations manual aims to streamline, standardize, and automate operational practices to improve consistency in delivery and result tracking, and accelerate access to GCF resources for developing countries.</p>

		consistency of funding proposal assessments; (v) development of web-based proposal tracking systems; and (vi) updating of a project-level results management system. The organization charts of the programming divisions have also been updated and harmonized to facilitate interdivisional cooperation.		<p>The Secretariat further mentioned that as of 31 July 2021, 68 per cent of project reviews were completed in full alignment with the operations manual, thanks in part to routinization of climate impact assessments and interdivisional team kick-off meetings. The Secretariat expects these numbers will increase further with the development and eventual implementation of the appraisal manual and associated procedures.</p> <p>The Secretariat has also reported to have undertaken additional initiatives to respond better to the different needs of countries, entities and investments. The Secretariat published document GCF/B.30/Inf.11/Add.03, which, according to them aims to provide a summary of lessons learned during the implementation of the Guidelines for Enhanced Country Ownership and Country Drivenness, including stakeholders' feedback, as well as a review of best practices on country ownership in other international organizations, to identify opportunities for strengthening GCF's guidelines on country ownership and country drivenness.</p> <p>At B.30, the Board discussed the findings and recommendations of the IEU's Independent Assessment of the GCF's Simplified Approval Process (SAP) Pilot Scheme (document B.30/07) and discussed the Update of the Simplified Approval Process (document B.30/06). The Report of the Activities of the Secretariat at B.29 (document B.29/Inf.07, annex I) included a proposed GCF-1 Direct Access Entity (DAE) Action Plan, which, according to the Secretariat, aims to integrate the approaches to DAE support throughout the entire cycle, from entity nomination to project approval.</p>
1d	Consider revising the investment framework and making it a true prioritization tool.	No direct management response to this recommendation, thus, not rated	Not rated	<p>While there is no management response, the Secretariat has reported to have undertaken various actions to streamline and standardize the review processes and provide additional guidance for developing FPs. According to the Secretariat, it began operationalizing a rolling review process and has engaged with the independent Technical Advisory Panel (iTAP)</p>

				<p>on the lessons learned from these pilot efforts. Engagement with iTAP also looked at Board mandates on improving the consistency of review criteria, and it covered the existing assessment modalities against the investment framework, the nature of the GCF business model as a second-level institution, and the application of GCF's safeguarding policies in relation to FP review. Provided all these measures are taken, there is no proper prioritization tool on investment criteria in place.</p> <p>In discussions with the IEU, the Secretariat further clarified that the initial investment framework was updated as part of decision B.27/06 adopting the USP, to include an updated "Investment Strategy and Portfolio Targets" for GCF-1. According to the Secretariat, this has served to guide management and prioritization of the GCF-1 pipeline, as the Secretariat is required to consider and advance projects in alignment with the Board's portfolio targets and allocation parameters.</p>
1e	In the longer run, lead a dialogue across the GCF ecosystem to underscore the "climate dimension" of GCF policies.	No direct management response to this recommendation, thus, not rated	Not rated	<p>While there is no management response, in October 2020, the Secretariat formulated the Climate Impact Assessment Network (C-NET) to support the integration and strengthening of climate science and climate impact assessment methods across the operations of the GCF. According to the Secretariat, C-NET is expected to support the assessment of the climate rationale component in concept notes and FPs submitted by accredited entities (AEs).</p> <p>In April 2021, the Secretariat also appointed a Lead Climate Scientist who is developing a common approach to proposal development and assessment that has started a dialogue on climate science basis across the GCF ecosystem. However, it is not clear how C-NET is leading the dialogue across this ecosystem.</p>

1f	Clarify roles and responsibilities across the GCF business model, including those of AEs and NDAs and within the Secretariat, to ensure management and delivery for greatest impact.	No direct management response to this recommendation, thus, not rated	Not rated	<p>The monitoring and accountability framework (MAF) addresses roles and responsibilities regarding accreditation, annual self-assessments, mid-term reviews, final evaluations and reaccreditation frameworks for AEs. The Secretariat reported that the MAF has been operationalized with regards to APRs, mid-term reviews and final evaluations. However, items still pending include the development of an early warning system based on risks flags (project and AE risks), the conducting of ad hoc projects checks on a yearly random basis, and the conducting of a risks-based annual review on a given number of projects and programmes. Without these, the GCF has neither control over environmental and social safeguards (ESS) compliance nor adequate information to enable it to take remedial measures.</p> <p>The Secretariat has noted that any ESS issues identified in annual performance reports (APRs) are followed up with AEs and any breaches of ESS policies are reported to the Independent Redress Mechanism, including by communities. In addition to the MAF, the Secretariat has published the programming manual to provide greater clarity to AEs and national designated authorities (NDAs) on their respective roles in the project cycle.</p>
1g	Learn from the experiences of other organizations in project management in order to advance more quickly, and focus attention on managing the current portfolio of projects for results.	No direct management response to this recommendation, thus, not rated.	Not rated	<p>According to the Secretariat, it has managed to leverage technologies to improve efficiencies across its operations in managing the current and future portfolios of projects. The Portfolio Performance Management System (PPMS) was rolled out in February 2021, and the first version is being used for the submission of both APRs and inception reports, according to the Secretariat this has worked to improve their portfolio management capacity. The PPMS was envisioned, by the Secretariat, as a GCF centralized portfolio management system to increase the efficiency of its portfolio monitoring and evaluation functions for funded activities, the Readiness and Preparatory Support Programme (RPSP), and the Project</p>

				<p>Preparation Facility (PPF). However, currently the PPMS has not fully incorporated reporting on the RPSP and the PPF.</p> <p>The Secretariat has noted that further Board guidance is needed on this matter.</p>
1h	<p>Support an active network of in-country and international CSOs/PSOs, and representatives of indigenous peoples and vulnerable communities, both financially and operationally, so they are able to provide much-needed support, voice and guidance for climate projects and investments that by themselves are likely to have repercussions for a vast cross-section of people and households in countries, with disproportionate effects on the vulnerable.</p>	<p>No direct management response to this recommendation, thus, not rated.</p>	Not rated	<p>Concerning GCF safeguarding policies, the work programme envisages the ongoing application and enhancement of the gender, indigenous peoples, and environmental and social policies. According to the Secretariat, all FPs continue to be evaluated in terms of their environmental and social risks and impacts and how those risks are planned to be avoided, minimized, or mitigated. This also includes checking that stakeholder engagement has been conducted in the development of FPs, including with civil society organizations (CSOs) and indigenous peoples. The Secretariat also recommends that activity-level grievance redress mechanisms should be developed, and that they should be readily accessible to potentially affected people and communities during project/programme implementation. However, the Secretariat has noted, that while efforts have been made through RPSP and FP programming, there is no mechanism to financially and operationally support in-country and international CSOs, private sector organizations (PSOs) and indigenous peoples.</p> <p>The Secretariat also noted that further Board guidance is needed on this matter.</p>
<b>Overall Recommendation 2</b>	<p><b>Develop a strategic plan that focuses the GCF on being a global thought leader and a policy influencer and establishes its niche commensurate with innovation and impact.</b></p>			
2a	<p>The following is a non-exhaustive list of attributes the Board could consider for the new strategic plan. The</p>	<p>A draft 2020–2023 Strategic Plan is currently being developed for consideration by the Board. This Strategic Plan builds on a clear theory of change and vision of the</p>	Medium	<p>Following the adoption of the USP at B.27, the 2020–2023 GCF strategic programming will seek to meet or exceed its IRM outcomes and strive toward the overall strategic objectives of: scaled-up funding for ambitious projects informed by countries' adaptation needs and mitigation potential in line with their</p>

	Secretariat could consider leveraging influence through building knowledge-based and policy-driven enabling environments in-country and globally. Recognize that structure and incentives induce behavior....	comparative advantage of GCF that is oriented toward delivering paradigm-shifting impact. This strategic planning process will consider relevant FPR recommendations and findings. It will also build upon the draft strategic programming document for the first replenishment presented at B.23, which included proposals to set (i) new strategic goals to enhance direct access, adaptation and private sector mobilized finance; (ii) a clarified approach to programming for greater impact; (iii) options to expand access modalities and diversifying instruments for innovation, leverage and impact; and (iii) leveraging and replicating knowledge. These are in line with the FPR recommendations.		climate plans and strategies, recognizing the urgency to achieve the goals of the Paris Agreement; significantly increased funding channeled through DAEs relative to the IRM; significantly increased portfolio-level mobilization achieved through the GCF contributions to private sector projects under the PSF, relative to the IRM; balanced GCF risk appetite across all results areas; and improved speed, predictability, simplified access, efficiency, effectiveness and transparency. The IEU's Independent Evaluation of the GCF's Approach to the Private Sector found that progress parameters against these objectives are yet to be determined as the USP sets these targets relative to the IRM; however, the USP is not ambitious enough and does not correspond to the mandate of the Fund.
2b	Consider informing the GCF's niche after a review of evidence, including that from science, evaluations and market assessments. The GCF should define the niches in which it will be active. This entails a careful assessment of country needs along the lines of the results areas, the	As part of its first replenishment and strategic programming process, the Secretariat has started the development of sectoral guidelines and strategies which will support the future programming directions of the GCF based on an analysis of the latest science, country needs and financing landscape. In addition, in February 2019 the Secretariat established a new partnership of climate experts called	Medium	The Secretariat has noted that it is currently undertaking consultations with key stakeholders on the sectoral guides. These guides, focused on eight results areas, seek to provide an overview and understanding of country needs and of the potential to deliver the greatest impact in support of country priorities. The Secretariat noted further that they aim to provide information on how targeted GCF investment is aligned with country priorities and how it could have the most impact for each sector, driving paradigm shift and demonstrating strong climate impact. According to the Secretariat, this sector-specific guidance aims to guide and inform the development of FPs that are of high quality, meet the GCF's investment criteria



	associated financing needs and the availability of finance. Together these will inform in which market niches the GCF can most complement existing finance and programmes or achieve a relevant scale.	Communities of Practice covering fourteen areas. The GCF Community of Practice will tap the expertise of globally renowned organizations to deliver climate knowledge in support of GCF activities and will play a crucial role in driving transformative actions in support of the GCF mandate. In creating this network, GCF is leveraging cutting edge climate knowledge to increase the impact of GCF climate finance investments.		and are ready to be submitted for Board consideration and approval.  The Secretariat has thus far released the updated sectoral guide consultation version (Consultation Version 1), the response matrix for the first batch of sectoral guides titled “Cities, Buildings and Urban Systems” and “Agriculture and Food Security”, the second batch of sectoral guides titled “Ecosystems and Ecosystem Services”, “Forest and Land Use” and “Energy Generation & Access”, and the third batch titled “Health & Well-being”, “Low Emission Transport”, and “Water Security”. After B.31, two additional guides are planned to be released for consultation among the same group of stakeholders: “Climate Information & Early Warning Systems” and “Energy Efficiency”.
<b>Overall Recommendation 3</b>	<b>Re-emphasize adaptation while recognizing (and leveraging) the role of new actors in mitigation. Strengthen the role of the private sector in an overall symbiotic ecosystem of financial instruments and modalities that enable better transparency, predictability and access for entities, and innovative solutions and global climate impact for countries.</b>			
3a	Rationalize current allocations to mitigation and adaptation to balance them in the nominal portfolio, and specifically consider goals related to the creation and use of innovative private sector financial instruments in adaptation that are able to better serve developing country needs.	The Secretariat supports the objective to better balance allocations between adaptation and mitigation in nominal terms by further catalyzing private investment in adaptation. In line with the FPR, it recognizes that adaptation only accounts for 2 per cent of its private sector portfolio, and a key objective of the GCF private sector strategy for 2020–2023 will be to explore new modalities to better balance the GCF private sector portfolio. In this context it is important to recall that decision B.06/06 operationalizing the 50:50 balance mandates	Low	The Board adopted the USP in decision B.27/06. One of the strategic objectives of the USP is to balance funding across mitigation and adaptation over time, using minimum adaptation allocation floors as appropriate, and seeking geographical balance in line with the Governing Instrument, decisions of the Board and the Fund’s IRM outcomes. The GCF’s private sector strategy for 2020–2023 has not yet been presented at a Board meeting, and no new modalities have been adopted since B.19. However, in decision B.06/06 the Board mandates that for operationalizing the 50:50 balance, the accounting is in grant equivalent and not nominal terms. Decision B.27/06 underscores the Board decision on grant equivalent calculation.  The IEU’s Independent Evaluation of the GCF’s Adaptation Portfolio and Approach evaluation found that PSF programming has stalled since B.21. The Secretariat noted that at B.30, three of the four private sector FPs targeting adaptation



		accounting in grant equivalent and not nominal terms. Accordingly, the Secretariat has reported against the 50:50 mitigation: adaptation goal in grant equivalent terms so far, which, as of B.23, showed a well-balanced GCF portfolio at 48 per cent mitigation:52 per cent adaptation.		for an approved USD 325 million from the GCF and USD 775 million of co-financing (FP179, FP180 and FP181). According to the Secretariat, the proposals also reflect their focus on utilizing de-risking instruments to attract the private sector to adaptation as the GCF will be taking junior positions in equity funds for FP180 and FP181, while for FP179 the GCF will be providing a guarantee and a grant to pilot a parametric insurance product with local providers.
3b	Consider reviewing the current compliance-driven culture in the Fund and provide incentives for increased innovation.	Indeed, GCF has a high-risk appetite. Its risk management framework allows GCF to assume high risks through participating in junior tranches of investments and sub-debt, etc. The limits stipulated in the risk framework are not overly restrictive (e.g. limit on the amount of a single funding proposal at 10 per cent of the investible amount, thus allowing large amounts for a single funding proposal). Despite this flexibility, the Secretariat recognizes that GCF has yet to fully deploy the range of existing financial instruments to support highly innovative projects. The Secretariat has issued two requests for proposal (RFPs) for small and medium-sized entities (SMSEs) and for mobilizing funds at scale (MFS) that demonstrate the strong demand for a co-financier with a greater risk appetite. Building on the rapid organizational development	Low	One of the strategic priorities of the USP is to foster a paradigm-shifting portfolio and show how the risk appetite of GCF differs from those of other climate multilateral funds, which is to take on risks that other funds/institutions are not able or willing to take. The Secretariat has expressed the willingness to support countries working with AEs to choose from a flexible range of financing instruments offered by the GCF to accelerate climate action and enable greater access and impact. This includes exploring opportunities to diversify the application of non-grant instruments without compromising GCF grant financing, particularly for adaptation. The GCF will also explore new applications for results-based payments, insurance, and investment in local currency instruments. However, the IEU's rapid assessment of the GCF's request for proposals (RFP) modality (document B.29/08) noted that the RFP pilot programmes have failed to meet the expectations of project proponents vis-à-vis the targeted project generation efforts made by the GCF, due to the little difference in the average duration of project approval. The assessments findings suggest that publication of the RFPs signalled to potential proponents that the GCF had an urgent and strong interest in filling in the portfolio gaps in such thematic areas as direct access and the private sector. Yet, no mechanism was in place to meet these expectations, which translated into a low number of approved projects despite initial high public interest.

		process of GCF, the draft 2020–2023 Strategic Plan envisages a much greater use of a mix of financing instruments to scale up climate investments. In addition, obtaining comprehensive privileges and immunities for GCF would allow room for GCF to reorient its compliance-based approach.		The Secretariat noted that the initial steps have been taken, however the only examples highlighted by the Secretariat are the recently approved Project Preparation Funding applications with KDB to create a global climate technopreneurship incubator for climate technology startups, and to create a Green Guarantee Company that will help developing countries access international green bond markets with Mitsubishi UFJ Financial Group (MUFG).
<b>Overall Recommendation 4</b>	<b>Clarify and re-examine the separation of supervision and management in the GCF and consider delegating authority to the Secretariat to highlight agency, responsibility, and urgency in delivering developing country climate needs (predictably, transparently, speedily, innovatively and with impact).</b>			
4a	Consider delegating authority to the Secretariat for developing procedures, guidelines, and standards for Board-approved policies and for some investments, while taking stock of the ability of Secretariat staff to deliver these and report these appropriately and regularly.	The Secretariat agrees that clarifying matters related to delegation of authority would increase the efficiency and effectiveness of GCF operations. However, given the nature of the recommendation, the Secretariat will need to be guided by the Board for further action. The Secretariat stands ready to advise the Board on possible areas for greater delegation of authority in operational policy development and portfolio development and implementation.	Low	The Secretariat noted that they exercise delegated authority to develop operational guidance and tools on a day-to-day basis. However, the Secretariat would need to be formally delegated by the Board on any matters specified to be within Board control under the Governing Instrument, including policymaking. The Secretariat is waiting for further Board guidance on this matter.
4b	Emphasize the strong, influential and trend-setting structure of the GCF Board, but also consider current dissatisfaction in some	No direct management response to this recommendation, thus, not rated	Not rated	The Board has yet to consider these matters.

	quarters with access, transparency and the predictability of GCF decision-making processes. Support a review of processes that may help to mitigate these dissatisfactions.			
4c	Build a robust and transparent tracking, monitoring and information system that is publicly accessible and enables entities, CSO/PSOs, NDAs and other stakeholders to view the status of their proposals.	This issue has also been identified by the Secretariat and is projected to be implemented under the revised RMF currently under development and to be completed by B.24. The GCF tracking system will be implemented through the revised GCF RMF.	Medium	The IRMF was adopted by the Board in decision GCF/B.29/01. The Secretariat has indicated they plan to develop a result tracking tool which will include comprehensive guidance and tools for IRMF implementation. Also, the Secretariat has developed a web based PPMS which was rolled out in February, and the first version is being used for the submission of both APRs and inception reports. According to the Secretariat, the PPMS is expected to act as the main platform for tracking portfolio management status and performance checks and facilitates the submission of annual reports by AEs. The Secretariat envisions the PPMS as a GCF centralized portfolio management system to increase the efficiency of its portfolio monitoring and evaluation functions for funded activities. However, the developed results-tracking tools have not been fully integrated into the PPMS. The portfolio performance tracking system is not fully linked to external dashboards, meaning the PPMS is currently not accessible to CSOs/PSOs and NDAs, and other external stakeholders.
4d	Consider clarifying policy overlaps, filling policy gaps and identifying delegated authorities associated with them in the current set of GCF policies. Also consider including as a requirement in all new	The Board closed some gaps at B.22 and B.23 by approving, inter alia: the investment criteria indicators by strengthening the investment framework; the Policy on Restructuring and Cancellation through the proposal approval process; the anti-money-laundering and countering the	Medium	The Secretariat has finalized the Policy Manual, which according to the Secretariat, with the purpose to ensure that it enables the preparation of technically strong, coherent policies that can be efficiently and effectively implemented toward advancing the GCF's objectives and enhancing its climate impact. The Policy Manual includes a requirement for all new policy proposals to include an impact and implementation analysis, including impact on budget, resourcing/capacities and stakeholders. The Secretariat indicated that this analysis will be

	<p>policies that come for Board consideration, an analysis of the repercussions on Secretariat staff, budgets and the current set of entities and investments.</p>	<p>financing of terrorism standards; and the Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment The policies on prohibited practices and anti-money laundering and countering the financing of terrorism are scheduled for integration into the fiduciary standards, a process that will consolidate and streamline this related set of policies. Several policies have or are being reviewed to address matters arising in their implementation in the initial phases of GCF operationalization. For instance, reviews of the accreditation and investment frameworks and RMF are underway.</p>		<p>included in all draft policy proposals submitted to the Board in 2022.</p> <p>The Board has addressed policy gaps by adopting the following policies: the Evaluation Policy of the GCF (GCF/B.BM-2021/07); the Revised Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (GCF/B.BM-2021/08); the Revisions to the Green Climate Fund's Environmental and Social Policy to reaffirm the Fund's commitment to addressing Sexual Exploitation, Sexual Abuse, and Sexual Harassment (GCF/B.BM-2021/18); the Gender Policy (GCF/B.24/12); and the IRMF (GCF/B.29/01), among others. However, many policy gaps remain, such as the Updated Accreditation Framework, which was included in the provisional agenda for B.28 and B.29 but was not opened for discussion.</p>
4e	<p>Consider having a regular, well-announced, predictable replenishment cycle so that the Fund can plan and prepare adequately for it. This will entail setting up internal structures for fundraising and advocacy and aligning these plans with the Fund's schedule for informing and reporting</p>	<p>No direct management response to this recommendation, thus, not rated</p>	Not rated	<p>The replenishment document, Policy for Contributions to the GCF, adopted by the Board in decision B.24/02, sets out the replenishment period and the trigger to start the next replenishment process for a transparent and predictable process. Decision B.24/02 Annex I, paragraph 2 (c) and (e) defines the replenishment period and trigger/launch of the replenishment:</p> <p>2(c). Replenishment period: The GCF's replenishment process will secure financing for the 4-year period beginning on 1 January 2020 and ending on 31 December 2023.</p> <p>2(e). Trigger for the subsequent replenishment process: The GCF will initiate the next replenishment 30 months after the commencement of the replenishment period in order to</p>

	and undertaking performance reviews.			allow sufficient time for the preparation and consideration of such reports and/or evaluations as may be necessary.  The Secretariat and IEU have already had discussions regarding the Second Performance Review starting from December 2020.
<b>Total recommendations = 17</b>				
In terms of the progress made with the adoption of the 17 recommendations set out in the FPR, the rating “medium” is given to 6 recommendations, the rating “low” is given to 4 recommendations, and 7 of the 17 recommendations have not rated.				

## Appendix VII: Summary of submissions by members and alternate members of the Board on five IEU evaluations

### I. Background

1. At its thirtieth meeting, the Board took decision B.30/11 relating to the evaluations completed by the Independent Evaluation Unit. In paragraph (d) of the decision, the Board invited members and alternate members of the Board to make submissions, not later than 10 December 2021, to the Independent Evaluation Unit on the:

- (a) Independent evaluation of the GCF's country ownership approach;
- (b) Independent evaluation of the GCF's environmental and social safeguards and the environmental and social management system;
- (c) Independent synthesis of the GCF's accreditation function;
- (d) Rapid assessment of the GCF's request for proposals modality; and
- (e) Independent evaluation of the GCF's approach to the private sector.

2. The Board further requested, under paragraph (e) of the same decision, the Independent Evaluation Unit to prepare a summary of submissions by members and alternate members of the Board on each of the evaluations referred to in paragraph 1 above, so that these views can be incorporated into the Board discussions and decisions on related policy items.

3. A total of nine submissions were received in response to this invitation. The submissions were received from:

- (a) Board member:
  - (i) Mr. Lars Roth on behalf of Sweden
- (b) Advisors to the Board members:
  - (i) Ms. Tanne Nørgaard Jensen on behalf of Denmark, Luxemburg and the Netherlands
  - (ii) Ms. Marine Lannoy on behalf of France
  - (iii) Ms. Christine Martel-Fleming on behalf of Canada
  - (iv) Mr. Richard Sherman on behalf of the African Group
  - (v) Ms. Saija Vuola on behalf of Finland and Switzerland
  - (vi) Ms. Victoria Situ on behalf of the United Kingdom
  - (vii) Ms. Jeanny Chong on behalf of the United States of America
  - (viii) Ms. Sara Zügel on behalf of Germany

4. A short summary of the submissions by members and alternate members of the Board, prepared by the IEU, is provided in the following section. The summary synthesizes the main points expressed by members and alternate members of the Board on each of the five evaluations and is thus divided into five sub-sections accordingly.

5. Based on the Co-Chairs' guidance, the Head of the IEU a.i. shared with the Board the compilation of Board members' views on the findings and recommendations of the five IEU evaluations on 28 December 2021. In the compilation, the submissions were presented as they had been received in their original state, with the exception of text formatting.

## II. Summary and synthesis

### 2.1 The views of members and alternate members of the Board on the findings and recommendations of the Independent Evaluation of the GCF's Country Ownership Approach (COA)

6. Most submissions contained the Board members' general endorsement of the evaluation's recommendation that country ownership needs to go beyond national governments to include civil society, private sector, NGOs, vulnerable groups, women and indigenous peoples. In this regard, the Secretariat management's expressed intention to update and share its guidelines for **better multi-stakeholder engagement** was commended by a number of Board members. Some Board members emphasized that it is the **NDA** that should have a leadership role in facilitating multi-stakeholder engagement.

7. Other Board members expressed that the COA evaluation did not adequately reflect the **sovereign aspect of country ownership**, as espoused in the GCF's Governing Instrument and relevant COP decisions and GCF Board decisions. They stressed that country ownership as the recipient country's sovereign right, which is exercised through the NDAs in the context of national climate strategies, is the GCF's core principle that cannot be altered. These members expressed their disagreement with the evaluation's findings about (1a) the GCF lacking a clear definition of country ownership and (1b) the existing policies being partially sufficient for realizing country ownership, saying that the GCF's Governing Instrument and the decision B.05/05 provide a guiding definition of and a clearly defined process for realizing country ownership. They also disagreed with the finding (1c) that the various priorities and principles within country ownership create trade-offs.

8. In contrast to the views expressed by some Board members as captured in paragraph 7 above, other members expressed their agreement with the evaluation's findings 1a-1c and questioned whether it is appropriate that country ownership is **both a guiding principle and an investment criterion for the GCF**. They agree with the finding that it does not provide operational guidance while creating tensions in decision-making. In this context, they requested that this matter be further examined, also raising that other climate funds do not have country ownership as an investment criterion.

9. The Board members commonly endorsed the evaluation's recommendations about **further strengthening the capacities of NDAs** and national focal points, including through providing support in other languages and through long-term capacity development programmes and financial support. Some concrete suggestions were brought forward to assist this. For instance, some Board members requested that the Board asks the Secretariat to **revise and update the GCF's readiness and preparatory support programme (RPSP)** to increase the country allocation cap for support to NDAs.

10. Some Board members also supported the idea of **developing an accreditation strategy** for the GCF to better guide the DAE nominations by NDAs. Noting with concern that the lengthy and complex accreditation process has discouraged DAEs, some submissions expressed support for the recommendation about matching IAEs with DAEs to incentivize IAEs to support the capacity building of DAEs. On this idea of **'twinning' the IAEs and DAEs** for proposal submission, some Board members stressed that this would need to be done carefully through a modality that is clearly understood, should the Board decide to go through with this recommendation.

11. When it comes to strengthening the capacities of NDAs, most submissions agreed that special attention needs to be given to **private sector engagement**, among other things. More specifically, the NDAs require targeted support to improve their knowledge and understanding



of private sector engagement. Some Board members are of the view that when discussing private sector engagement and the necessary capacity development for the NDAs, it needs to be specified whether these are **international or domestic private sector entities**. While generally acknowledging the need for engaging the private sector better, a few Board members pointed out that the role of private sector in adaptation has been limited, saying that this aspect should be taken into consideration for future discussions about the topic.

12. Further, a few questions were raised on the **extent to which the NDAs get consulted for the GCF's approved Private Sector Facility (PSF) projects**, saying that this was missing from the evaluation on country ownership although this was somewhat addressed in the IEU's evaluation on the GCF's private sector approach. In reference to the recent experience of some countries, some Board members raised the issue that once a PSF project is approved, the NDA's role becomes reduced, which in their view would mean not adhering to the principles of GCF's country ownership approach and thus failing to deliver on the Fund's mandate.

13. The evaluation findings about the **GCF's country programmes (CPs)** currently not delivering on their aims and bringing about a paradigm shift was also noted with concern by the Board members. While acknowledging its current shortcomings, some Board members in their submission highlighted that country-led programming has been a key priority for the GCF, also reflected in the Fund's initial strategic plan, as its objective is to ensure that the developing countries' needs and priorities are well responded to. In this context, objections were raised to the recommendation 2(c) about pursuing CPs only if their purpose and clarity are developed and well communicated. Despite their disagreement with this recommendation, these Board members acknowledged that further work is needed to ensure that CPs work optimally the way they were intended to.

## 2.2 The views of members and alternate members of the Board on the findings and recommendations of the Independent Evaluation of the GCF's Environmental and Social Safeguards (ESS) and the Environmental and Social Management System (ESMS)

14. On the ESS evaluation, its usefulness in **connecting the ESS, ESMS and the Environmental Policy of the GCF** and thereby presenting a wholesome picture was noted in the submissions. All submissions stated that the Board members concerned agreed with the recommendations around giving more weight to **environmental and social benefits** for projects to incorporate **co-benefits** and counterbalance **perceived risks**.

15. Some Board members, through the submissions, requested the Secretariat to duly consider the recommendations of this evaluation when preparing a draft for the **new ESS standards**, to be adopted in 2022 according to the "Updated workplan of the Board for 2020 – 2023". It was also echoed that the forthcoming ESS standards should **go beyond "do no harm"** and integrate environmental and social performance and co-benefits.

16. The recommendation concerning the need for an **accreditation strategy** and for **reaccreditation** to consider the extent to which entities have pursued co-benefits and ES performance and responsible investing principles was duly noted and appreciated. Across the submissions, questions were raised on how well the recently adopted **Integrated Results Management Framework (IRMF)** integrates and reflects some of the recommendations from the evaluation and also what the next step would be in improving the GCF's ESS in view of the IRMF.

17. Through the submissions, some Board members also noted that the evaluation would have benefitted from articulating the need for future ESS standards to incorporate requirements for **conflict sensitive analysis**, which will enable taking precautionary measures

to avoid possible unintended negative effects of GCF investments. The topic of how best to prevent and address **reprisals and retaliation** was also seen missing from the ESS evaluation. Furthermore, more detailed information was requested on the recommendation concerning “structured efforts to collaborate and share information to successfully replicate, scale up, and align synergies in new programming”, and the one concerning the idea of a “Climate Funds Collaboration Platform on Results, Indicators and Methodologies for Measuring Impact”.

18. One submission in particular was structured around the recommendations of this evaluation that the Secretariat management “partially agrees” with, as contained in the Secretariat’s management response to the findings and recommendations of this evaluation. In this submission, it was requested that the Board be updated on the process moving forward. Several questions were also raised in the submission, including whether the GCF is actively considering a **standalone ESS stakeholder engagement policy** and a related guidance note and how the GCF’s programming manual will include the **criteria for sustainable development potential**.

## 2.3 The views of members and alternate members of the Board on the findings and recommendations of the Independent Synthesis of the GCF’s Accreditation Function

19. The Board members welcomed the findings and recommendations of this synthesis overall as well as the corresponding Secretariat management response, saying that improving the **accreditation function** is a key priority for the GCF. **The excessive time and cumbersome effort** it takes for candidates to be accredited may discourage many best-suited potential applicants from applying. The fact that **many DAEs have not submitted FPs** with the GCF also needs to be addressed promptly within the accreditation strategy, given the resources invested by the GCF to accredit these entities. The Board members also commonly noted with concern the evaluation finding that the accreditation process is not meeting the needs and objectives of the GCF.

20. In this context, the submissions underscored the need to **strengthen the governance structure** for accreditation, clarify its **strategic role**, and critically address the **mission overload**. Further, it was emphasized that the GCF’s accreditation, programming capacity and pipeline development related to the private sector needs to be driven and informed by a “country-driven prioritization” of financial, capacity-building, and technology development and transfer needs, which is also a finding from the independent evaluation of the GCF’s private sector approach (F5). **Linking accreditation with the RFPs**, they also observed that: (a) accreditation continues to pose challenges to the implementation of RFPs; and (b) the lack of efficiency and incentives and the existing accreditation challenges largely explain the small size of the GCF’s RFP portfolio.

21. Several Board members, through the submissions, voiced that the **Updated Accreditation Framework (UAF) must be adopted** as promptly as possible to ensure that accreditation fully contributes to the objectives, priorities and principles as defined in the GCF’s Governing Instrument and the Updated Strategic Plan (USP). These submissions also included the views that the UAF needs to be seen as part of the GCF’s Accreditation Strategy (to be developed) and that the adoption of UAF is necessary also in view of the eight entities that would need to be re-accredited in 2022. Adopting the UAF is also expected to help avoid “first come first serve” practices. They also endorsed the recommendations of the evaluation around making the strategic role of accreditation clearer, providing **clear guidance for institutional performance** (performance indicators and milestones), and examining the **alignment between project pipeline, results and portfolio** during accreditation and re-accreditation processes.

22. Most Board members, through the submissions, called for a **comprehensive accreditation strategy** that focuses on improving the efficiency of the accreditation process. Some members, in particular, requested the **Secretariat to prepare such accreditation strategy** in an open, inclusive and transparent manner through engaging with the Board, AEs, observers and NDAs in consultations, and to present the strategy for the Board's consideration and adoption no later than B.32/B.33. Such strategy should specify the relevant portfolio targets, performance indicators and milestones, the number of accredited DAEs and their access to the Fund's resources. Further, the Board members expressed their support for the following recommendations from the synthesis, in particular: incentivise capacity-building and alignment with the GCF mandate within the accreditation function (R2), strengthen the Accreditation Panel (R1d), and improve monitoring and reporting by the AEs on performance and results and their alignment with the GCF's mandate (R2a).
23. The Board members also emphasized that the accreditation strategy (to be developed) should also specify what is needed for the **re-accreditation process**. For instance, it should ensure that (R2b) the re-accreditation assessment of AE's portfolio is based on clear, transparent and predictable criteria that are communicated to applicants and potential AEs and (R2c) provide guidance to International accredited entities (IAEs) to support the capacity-building of direct access entities (DAEs). As also discussed in paragraph 20 above, the accreditation strategy should be designed to also improve the accreditation component of the GCF's RFP modality and enhance the provision of pre- and post-accreditation support, in particular for DAEs.
24. Findings and recommendations from other IEU evaluations that are relevant to the topic of accreditation were also mentioned and cross referenced in some submissions on this topic, including the independent evaluation of the GCF's private sector approach and the independent evaluation of the relevance and effectiveness of the GCF's investments in the SIDS. For instance, some Board members are of the view that the GCF's accreditation strategy (to be developed) needs to promote the participation and accreditation of **micro-, small- and medium-sized enterprises (MSMEs)** in all developing countries, including the LDCs, SIDS and African States; and this is a finding from the independent evaluation of the GCF's private sector approach (F7). (See section II-5 for a summary of the submissions on the independent evaluation of the GCF's private sector approach.)
25. Some Board members also underscored that accreditation needs to ensure **country ownership** which, in their view, has not been sufficiently addressed. Thus, they called for paying closer attention to this matter and reflecting country ownership in the accreditation strategy that needs to be developed. They further emphasised that the GCF needs to focus more **on AEs that are best suited** to support the objectives of the GCF, including the GCF-1 programming targets agreed at B.27. Further, they stressed the importance of the **PSAA**, saying that it is an opportunity for developing countries, prospective partners and the Fund to target specific results areas or gaps in the GCF programming objectives, especially in the case of the **RFPs** on Enhanced Direct Access (EDA), MSMEs, and mobilising funds at scale (MFS). In this context, they called for the urgent approval of the PSAA by the Board.
26. They also generally accepted the idea of providing incentives for IAEs to contribute to building the capacities of DAEs, including through **twining arrangements between the IAEs and DAEs**, and bringing clarity to the target portfolio mix and size, based on a cost-effective analysis. These were emphasised as key aspects to be taken into consideration in the process of formulating the upcoming strategy on accreditation.
27. While noting with appreciation the Secretariat's management response that generally welcomes and agrees with the recommendations from this synthesis, one submission in particular requested the **Secretariat to provide 'suggested actions' for the recommendations** provided in the evaluation that are actionable by the Board. The submission noted that to date, there has not been a response from the Secretariat on these, and that it

would be good for the Board to see concrete suggestions from the Secretariat on how the Board can respond to these recommendations.

## 2.4 The views of members and alternate members of the Board on the findings and recommendations of the Rapid Assessment of the GCF's Request for Proposals (RFP) modality

28. On the RFP evaluation specifically, all submissions acknowledged that the evaluation findings and recommendations serve as an important learning tool and **key to a successful second phase of the RFP**. Despite the shortcomings of the RFP in its initial phase, also captured in the rapid assessment, the Board members saw the value of RFP as a tool for generating targeted projects and programmes and focusing investments on specific themes. They were hopeful that the RFP could improve significantly through acting upon the lessons learned from its first phase, the findings and recommendations from this evaluation, and extensive stakeholder consultations.

29. In particular, most submissions were in agreement with the evaluation's key conclusion (C3) that there is **no RFP modality or mechanism per se** established at the GCF, but rather four individual RFPs. The lack of a RFP modality or mechanism is seen as the root cause of the RFP's shortcomings and the underutilization of the RFPs, with the exception of the REDD+ results-based payment RFP. In this regard, some Board members stressed that future RFPs must consider the operational requirements to meet the potential demand and endorsed the recommendations about (R4) establishing the RFP as a modality and (R5) creating a central structure within the Secretariat to coordinate, review and appraise the design and implementation of RFPs. One submission also endorsed R4, saying that it will help reduce the number of individual RFPs and can improve coordination between accredited entities and project owners. However, it was also requested that the IEU clarify what it means to institutionally establish the RFP as a modality and explain how it would look in real life in comparison to the current set up of the RFP. The same submission also requested that the IEU clarify how the (R7) GCF's potential partnership with other relevant institutions and activities could help improve the RFP process as a whole.

30. Some Board members stressed that the **link between the GCF's accreditation function, especially the project specific accreditation approach (PSAA), and the RFP** will need to be carefully examined and the processes streamlined. Acknowledging the evaluation's finding that the effectiveness of RFPs has been significantly curtailed by accreditation constraints, it was requested by a few Board members that the Board considers launching the PSAA soon. However, some reservations were also expressed on this idea, including that the draft PSAA does not seem to specify the types of projects and programmes, including areas of innovation and the corresponding results and impact that the Board wishes to prioritize.

31. In considering future RFPs, one submission brought forward a concrete suggestion of the Board looking into **pilot programmes tailored to existing DAEs**, such as a pilot programme on local currency lending with the existing DAEs that are public sector development finance institutions (DFIs) that engage with local financial intermediaries. Another submission emphasized that the **selection of new topics for RFPs** would need to be evidence based.

32. While acknowledging the steps already taken by the **Secretariat** to address some of the shortcomings of the RFPs, the Board members called on the Secretariat to conduct a portfolio gap analysis and improve linkages between the overall RFPs' strategies and the needs of the Fund, based on the result of such analysis. It was also requested that the Secretariat look for **ways to better incentivize the uptake of RFPs** compared to the initial resource mobilization period, including through getting the PSAA off the ground.

33. One submission in particular called on the Secretariat to more clearly present options in future Board meetings under relevant policy items how it intends to implement the recommendations from this evaluation and drastically **'reform' the RFPs**. Further, it was requested that the Secretariat take further steps to ensure better coherence and complementarity between the existing RFPs. Another submission called on the Secretariat to update the Board on what would be the next step for the **REDD+ results-based payment RFP**, which was the one successful RFP of the existing four and exhausted its funding envelope.

34. Another submission highlighted two areas that the evaluation could have addressed more strongly: (a) the RFP procedure to submit concept notes rather than full funding proposals and the lack of clarity regarding the access to PPF resources, and (b) **to what extent the Secretariat and relevant Committees are adhering to the agreed ToRs of RFPs**, especially that of the MSME RFP. Specifically on the latter point (b), the submission indicated that as per the decision B.10/11, paragraph (d), the Secretariat had been asked to present to the Board the terms of reference for a request for proposal for entities to manage the MSME pilot programmes; however, this had not been done accordingly. With this provision, the submission emphasized that the Board's intention had been to find **external entities that are able to manage the MSME** pilot on behalf of the GCF and identify those that are not yet accredited but could potentially be considered for such a role, as per the decision B.10/11.

## 2.5 The views of members and alternate members of the Board on the findings and recommendations of the Independent Evaluation of the GCF's Approach to the Private Sector

35. The Board members welcomed this evaluation and expressed their agreement with most of its recommendations. In particular, they expressed their endorsement for the evaluation's key recommendations about: enhancing the **speed and transparency** of GCF operations including accreditation and project approval processes (R2), focusing more on the **enabling environment**, and looking for ways to improve the participation of **MSMEs and local financial intermediaries** (R5). While endorsing the recommendation about strengthening the SMEs, some Board members sought clarity from the IEU on the implications of considering this as a strategic priority among other priorities of the Fund.

36. Several Board members agreed with the key recommendation (R1) that the GCF needs to be more **risk-taking** with the aim to **catalyse investment** in transformative adaptation and mitigation action, rather than only a **high-leverage** fund that aims to maximize the quantity of **co-investment**. However, other members were of the view that being a high-risk fund and being a high-leverage fund are non-contradicting targets that are equally important for the GCF. Another submission stated that it is the job of the Board to clarify that **there needs to be a balance** between the two (high-risk and high leverage); and what that balance should be is also up to the Board to discuss and decide on, the submission emphasized.

37. On the **USP's current emphasis on leverage ratios**, some Board members observed that this was contradictory to the GCF's objective to promote a paradigm shift and that it reflects an approach by some contributors to 'limit' their contributions and exposure to the GCF. They stressed that this would limit the Just Transitions in developing countries and hamper global efforts to address climate change. They urged the Secretariat to address the following issues within the Fund's **investment related policies**: namely, the low-risk appetite of the GCF's private sector portfolio, limited concessional financing, the GCF's private sector projects targeting similar themes and regions (as other funds and institutions), and the use of financial instruments with low targeting of the private sector. In addressing these issues, it was suggested that the Board clarify the Fund's risk appetite as well as the types of financial



instruments and business models that can help improve the economics of private sector adaptation or cross-cutting projects.

38. The evaluation's finding that the GCF's **accreditation portfolio** is not in line with the priorities and mandate of its **private sector approach** was noted with concern by many. In particular, the Board members acknowledged that the GCF's lengthy and cumbersome accreditation and project approval processes are one of the main obstacles for effective private sector engagement. In this context, the Board members requested that the relevant findings and recommendations of this evaluation, as well as those of the IEU's accreditation synthesis (see Section II-3), be integrated and reflected in a forthcoming **accreditation strategy** of the Fund, the **UAF** and the **PSAA**, and also in updating the **draft Private Sector Strategy**. Some Board members requested that the Board promptly adopt a decision on accreditation, UAF and PSAA.

39. One submission in particular called on the Secretariat to more strongly consider and **integrate the evaluation's recommendations in a holistic manner**, saying that the Secretariat management response to this evaluation showed a narrower scope; rather than looking at the smaller parts such as the UAF, designing of RFPs and blended finance opportunities for the LDCs and the SIDS, the submission emphasized that the Secretariat needs to provide clearer ideas and suggestions for how to implement the evaluation's recommendations within the **broader Private Sector Strategy and the Secretariat programming** for private sector projects.

40. When **updating the draft Private Sector Strategy**, some Board members requested that the Secretariat **resolve the areas of concern** that are highlighted in the evaluation's key findings. These areas of concern include a low level of maturity of private sector projects in general; low levels of engagement of the current PSF entities with many of them not submitting proposals; the lengthy PSF project cycle that is not private sector friendly nor responsive; the PSF not sufficiently delivering on its mandate to promote the participation of local private sector actors and financial intermediaries. Another area of concern expressed by these Board members is the concentration of private sector funding in just few international entities and MDBs; and they requested the Secretariat to clarify the **low levels of engagement of the private sector entities** and why these entities are not submitting proposals. In addition, they requested the Secretariat to present remedial options to ensure enhanced accreditation and submission of FPs by local private sector actors in developing countries. It was also requested that the Secretariat clarify the reasons for the **low levels of disbursement** to private sector projects and, in dealing with the countries, to consider their national circumstances, the maturity, and capacities of the local private sector.

41. The Board members generally observed that private sector considerations need to be included in all GCF policies, as per the evaluation's recommendations. One example of this could be to indicate **how RPSP could be utilized for local small businesses** (R4). Some called for hastening the **PSAA** and addressing the complex challenge of accrediting DAEs in order to promote the **participation of more local private sector entities and financial intermediaries** (R5). While acknowledging the **high transaction costs** of engaging local authorities and entities due to size and capacity, some Board members noted that doing so could have greater benefits with regards to the efficiency and effectiveness of project implementation. In this context, it was emphasized that the GCF partner with and work through a range of intermediaries such as bilateral development agencies and local entities with a domestic footprint.

42. Furthermore, they commonly endorsed the need for a **policy on concessionality**, expanding and scaling up the use of **innovative financing instruments**, targeting **early-stage technologies**, and clarifying the **overall objectives of the PSAA** to focus on and address private sector needs and the IRMF guidelines. Most Board members expressed in the submissions that they expect the Secretariat to revise all drafts regarding concessionality and present them for the Board's consideration.

43. Regarding the **Private Sector Advisory Group (PSAG)**, some members saw value in re-constituting the group and stated that they would welcome an opportunity for the Board to consider **how the PSAG could fit within the GCF's Private Sector Strategy** and complement the PSF. On the other hand, some members disagreed with the evaluation's finding that the PSAG had been effective and requested the IEU to clarify why the role of PSAG was not included in the evaluation's recommendations, when the evaluation found PSAG to have been effective. Some Board members also observed that the GCF could benefit from the recommendations of this evaluation, especially in the light of the discrepancies between the GCF's stated priorities to focus on adaptation, DAEs, private sector, the vulnerable country groups such as the least developed countries (LDCs), the small island developing States (SIDS), and African States, whilst the portfolio seems to indicate that the countries are seeking funding mostly for mitigation intensive results areas.

44. The Board members also expressed their support for the recommendations (R6) around **diversifying financial instruments** and enabling increased **private sector investment in adaptation**, particularly in the LDCs and the SIDS. For this, they endorsed the idea of enhancing the GCF's institutional and organisational capacity on adaptation and reviewing investment criteria, monitoring templates and indicators for adaptation and cross-cutting projects. Also, they supported the idea of aligning the GCF's adaptation investment criteria and indicators with the **Intergovernmental Panel on Climate Change (IPCC) definitions of adaptation**, vulnerability, climate risks and exposure. They also agreed with the idea of designing Secretariat-level KPIs that support private sector projects in the SIDS and the LDCs.

45. The Board members, through the submissions, requested the Secretariat to present to them a proposal on the development of **additional metrics to measure the catalytic impact of interventions** and the **revision of the RPSP strategy**, in implementing the recommendations of this evaluation. It was also emphasized that the Secretariat assist the Board in looking into how the GCF can more effectively **channel finance to MSMEs** and consider how this can be incorporated into the work of the Secretariat and the Board.

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