



INDEPENDENT EVALUATION OF THE ADAPTATION PORTFOLIO AND APPROACH OF THE GREEN CLIMATE FUND¹

CONTEXT AND BACKGROUND

At B.24, the Board of the Green Climate Fund (GCF) approved the independent evaluation of the GCF's adaptation approach and portfolio, as vital part of the Independent Evaluation Unit's (IEU) 2020 work plan. The need for this evaluation stemmed from a key finding in the 2019 Forward-Looking Performance Review that the GCF should re-emphasize its role in adaptation investments.

Against this backdrop, the IEU was tasked to undertake this evaluation for delivery at B.28 and responded to the following overarching evaluation question:

How can the Green Climate Fund – a young and large multilateral climate fund – contribute to a paradigm shift in adaptation?

More specifically, the evaluation examined the following subsidiary evaluation questions:

- **Landscape:** What is climate change adaptation and how does it relate to development?
- **Role:** What is the role of the GCF in adaptation finance?
- **Adaptation planning:** Has the GCF adequately supported the countries' capacity in adaptation planning?
- **Adaptation portfolio:** Is the GCF meeting its mandate in supporting adaptation programming through projects and programmes?

- **Private sector engagement:** Is the GCF engaging the private sector in adaptation?
- **Business model:** Is the GCF business model fit for purpose for adaptation?
- **Results and impact:** Is the GCF achieving the intended results in adaptation?
- **Innovation & risk:** Is the GCF sufficiently innovative and risk taking in adaptation?

Across the evaluation report, graphs, illustrations, and information boxes are used to highlight evidence for the reader. This GEvalBrief presents six key findings and recommendations for the consideration of the GCF Board and GCF Secretariat to address gaps and improve the operations of the Fund in adaptation finance.

KEY FINDINGS

1. **The GCF is uniquely positioned in adaptation to finance projects at scale with a high-risk appetite, if appropriate and consistent with country needs.** However, the GCF has not clearly defined a specific approach for adaptation programming.
2. **Project-level interactions between the GCF and other funding agencies are not yet systematically identified nor actively pursued.** That said, there have been some attempts in the last few years to foster greater coordination at multiple levels.

¹Binet, Silvia, Matthijs De Bruijn, Daisuke Horikoshi, Rene Kim, Byungsook Lee, Max Markrich, Peter Mwandri, Kulthoum Omari-Motsumi, Martin Prowse and Galyna Uvarova (2021). Independent evaluation of the adaptation portfolio and approach of the Green Climate Fund. Evaluation Report No. 9, February 2021. Independent Evaluation Unit, Green Climate Fund. Songdo, South Korea.



3. **For coherence and complementarity, the GCF has an opportunity to clarify its role both within and beyond adaptation finance,** through: its (i) resources dedicated to adaptation planning, (ii) convening power, and (iii) knowledge management and sharing potential.
4. **In accessing the GCF's readiness and preparatory support (RPSP) programme for adaptation planning, requirements for proposals, capacity concerns and matchmaking with adequate delivery partners are perceived as hurdles to access.** The approval process for RPSP adaptation planning varies, with times ranging from 14 days to more than three years.
5. **Fully attributing the GCF's RPSP to concrete outcomes or assessing quality is challenging.** No outcome or impact measurement framework is operational yet.
6. **Among the climate funds, the GCF has the strongest private sector focus** and the greatest ability to scale projects. The portfolio suggests that the GCF has not fully utilized this opportunity to date. Only one in five AEs has a private sector focus, with most of these having been accredited recently.
7. **GCF's ability to source and support PSF adaptation projects has stalled since B.21.** Moreover, only 18 cents per every GCF dollar is generated as co-finance from the private sector across the full adaptation portfolio.
8. **Cooperation between the GCF's Division of Mitigation and Adaptation (DMA) and the Private Sector Facility (PSF) in jointly assessing projects and identifying opportunities is taking place informally, on an ad hoc basis.** Opportunities exist to create an incentive structure for greater cooperation, particularly with regard to blended finance.
9. **The adaptation portfolio consists of very few programmes** (4 out of 67), and is characterized as predominantly **grant-based** (96% of committed finance in pure adaptation projects) and **with support through IAEs** (6 IAEs receive 50% of finance). There is an opportunity for the GCF to utilise results-based finance more.
10. **The GCF still has challenges reaching the most vulnerable and least ready countries.** Overall, 59 out of 154 eligible countries receive no adaptation finance from the GCF.
11. **In adaptation programming, measuring the impact of interventions is challenging.** The only Fund-level indicator currently operationalised is the number of beneficiaries. Double counting of beneficiaries is unavoidable, and it presents a key challenge for results management at the GCF.
12. In terms of the GCF result areas for adaptation, with 91 per cent coverage, **the Most Vulnerable People and Communities area acts as a chapeau and is too broad to aid learning.**
13. **The GCF currently has no systematic approach to assess depth of adaptation impacts.** The depth of impact made by adaptation interventions cannot be monitored with the current set of indicators.
14. **In contrast to mitigation, innovation in 'software' that creates new delivery models is vital,** and this is more important than technological innovation in adaptation.



Measuring the high watermark for establishing a hydrological station under FP043: the Saïss Water Conservation Project

KEY RECOMMENDATIONS

1. Positioning in Adaptation Finance: The GCF should clarify its role in and vision for climate adaptation, implement methods to enhance complementarity with other climate funds and funding agencies, and promote coherence in programming. Specifically, the GCF should:

- Consolidate its unique position in adaptation finance, including the mandate to finance projects at scale with a high-risk appetite.
- Promote efficiency by pursuing greater coordination of adaptation efforts with NDAs, AEs and local stakeholders at the national and regional level.
- Use its convening and catalytic power to develop a set of best practices from stakeholders (including climate funds, NDAs and AEs) to share across the GCF ecosystem.

2. Capacity and Adaptation Planning: The GCF should clarify the role its Readiness and Preparatory Support Programme (RPSP) plays in adaptation planning, address technical challenges, support matchmaking efforts and build monitoring of results of RPSP support. Specifically, the GCF should:

- Address technical capacity challenges in NDAs, including training government officials in clusters to build sustained knowledge.
- Facilitate matchmaking between countries and locally and regionally embedded RPSP delivery partners. This will relieve a constraint for some countries when accessing RPSP support.
- Monitor the quality of RPSP adaptation planning through building and fast-tracking an outcome/impact measurement framework.

3. Scale and the Private Sector in adaptation: The GCF should define its approach to engaging with and catalyzing finance from the private sector. In particular, the GCF should:

- Develop a strategy for the private sector, in particular in adaptation finance, that

includes guidance on (i) which private sector actors the GCF wants to engage with and how, (ii) what constitutes minimizing market distortions and moral hazard, (iii) which sectors hold opportunities for adaptation, and (iv) how the instruments at its disposal should be used.

- Consider a private sector approach that addresses capacity support to small and medium-sized firms, possibly through RPSP.
- Strengthen incentives to support cooperation between the Fund's Division of Mitigation and Adaptation (DMA) and its Private Sector Facility (PSF) in jointly assessing



An excavated fishpond from FP043: the Saiss Water Conservation Project

projects and identifying opportunities, particularly for blended finance.

4. Access and Business Model: The GCF should respond to the urgency in adaptation by addressing policy gaps and the use of financial instruments and modalities. The GCF should:

- Urgently clarify the role and use of climate rationale in the funding proposal review and appraisal process.
- Finalise the policy on programmatic approaches, to facilitate scale and innovation.
- Diversify the financial instruments it uses in adaptation projects, particularly those that

increase scale through higher co-finance ratios.

5. Results and Impact Measurement: The GCF should address adaptation-related measurement challenges to enhance active monitoring, project and Fund-level aggregation, and to facilitate learning and steering. The GCF should:

- Further engage with other climate funds and communities of practice to refine indicators, measurement and aggregation clarity, including improving the Fund-level indicators of direct and indirect beneficiaries.
- As adaptation result areas are broad, the GCF should also trace results at the sectoral level for portfolio management. This will allow aggregation at the portfolio level to facilitate greater knowledge of results and comparability with other climate funds.
- Consider whether an adaptation investment is meeting a national priority by linking result areas to an indicator for a country's adaptation needs.

6. Innovation and Risk: The GCF should address the ongoing lack of clarity and provide guidance on its approach to innovation. Specifically, the GCF should:

- Clearly identify and incentivize innovation, as innovation is part of the strategic priorities for 2020 to 2023.
- Define the delivery of successful structures, systems and organizations as actual project impacts. One such example would be defining support for innovative structures, such as blended finance vehicles for adaptation, which are successfully used in mitigation but not yet in adaptation.

- Strengthen programmatic approaches in adaptation finance, as they are important for leveraging lessons from one project to another and for fostering innovative replication.

METHODS

The evaluation team adopted a mixed-methods approach involving both quantitative and qualitative data collection and analysis, to inform the report's evidence-based findings. This approach has been adapted to conditions generated by the COVID-19 pandemic. The team sought to triangulate information and evidence from different sources and has considered different perspectives. These methods include an extensive document and literature review, portfolio analysis of data collected by the IEU DataLab, key informant interviews, online surveys, virtual country missions and project deep dives.

Data analysis has been a key element for the evaluation, including external and internal GCF data and extensive range of stakeholder views. Through key informant interviews, this evaluation has engaged with a wide range of stakeholders. Two targeted short online surveys have been used to reach out to specific constituencies of the Fund, in particular NDAs and AEs. Finally, the report is complemented by country case studies and project deep dives, based on country engagements in The Gambia, Uganda, Tajikistan, Guatemala, Morocco and Namibia. Country reports have been completed for the first four countries. Country deep dives were completed for specific projects in Kenya, Morocco, and Uganda.

Contact the IEU:

Independent Evaluation Unit

Green Climate Fund

175, Art center-daero, Yeonsu-gu,

Incheon 22004, Republic of Korea

(+82) 032-458-6450 ieu@gcfund.org ieu.greenclimate.fund



**GREEN
CLIMATE
FUND**

**Independent
Evaluation
Unit**

