AN IEU SYNTHESIS OF AVAILABLE DOCUMENTS: EMERGING AREAS FOR RECOMMENDATIONS FOR THE GCF PERFORMANCE REVIEW

MARCH 2019

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An IEU Synthesis of available documents: Emerging Areas for recommendations for the GCF Performance Review

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Suggested citation
Independent Evaluation Unit (IEU). (2019) *An IEU Synthesis of available documents: Emerging Areas for recommendations for the GCF Performance Review.* Synthesis Paper, Green Climate Fund. Songdo, South Korea

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This document is produced by the Independent Evaluation Unit as an *input* to the overall Performance Review of the GCF. This is an 'engagement' document and will be used to inform key areas that the overall Performance Review will assess and examine. It will be presented to the GCF Board at B.23 as part of IEU's update to the Board on the Forward-looking Performance Review.

Although the IEU recommends you read the full document, for those with little time, we suggest you read the section titled 'Key lessons and emerging areas of recommendations' at the end of every chapter and the Executive Summary.

ACKNOWLEDGEMENTS

This synthesis report was led by the Independent Evaluation Unit of the Green Climate Fund. The lead writers were Dr. Archi Rastogi (Universalia), Dr. Jyotsna Puri (IEU), Dr. Roberto La Rovere (IEU) and Mr Daisuke Horikoshi (IEU). Data collection and data analyses in the Synthesis Study were led by the IEU DataLab, in particular, Peter Mwandri, Liza Ottlakan and Nayeoun Kim. Staff at the IEU, including Solomon Asfaw (IEU), Andreas Reumann (IEU) and Joseph Mutunga (IEU), provided detailed comments. Members of the overall Performance Review team, including Claudio Volonte (Baastel), Colleen McGinn (independent), Dr. Rene Kim (Steward Red Queen) and Alan La Fontaine (Baastel) contributed excellent comments. Greg Clough, Courtland Mathews and Giang Pham of the IEU provided editorial assistance. Elangthoko Reatlilwe Mokgano and Manav Khanna, interns at the IEU, supported the document collection process. We are thankful to the Secretariat staff for comments and inputs during different phases of this Synthesis report. Final responsibility for the Synthesis Study lies with the Head of the IEU and the IEU takes responsibility for all errors.

ABBREVIATIONS

AE	Accredited Entity
AF	Adaptation Fund
AI	Administrative Instructions
AMA	Accreditation Master Agreement
B.19 (B.20, etc)	19th meeting of the Board, 20th Meeting of the Board etc.
CIF	Climate Investment Funds
CP	Country Programme
COP	Conference of the Parties
CPD/DCP	Country Programming Division/Division of Country Programming
CSE	Centre De Suivi Ecologique
CSO	Civil Society Organization
DAE	Direct Access Entity
DMA	Division of Mitigation and Adaptation
EDA	Enhanced Direct Access
EIF	Environment Investment Fund
FA	Framework Agreement
FAA	Funded Activity Agreement
FP	Focal Point
GCF	Green Climate Fund
GEF	Global Environment Facility
GIZ	German Corporation for International Cooperation (Deutsche Gesellschaft für Internationale Zusammenarbeit)
IAE	International Accredited Entity
IEU	Independent Evaluation Unit
IFAD	International Fund for Agricultural Development
IIF	Initial Investment Framework
ISP	Initial Strategic Plan
iTAP	Independent Technical Advisory Panel
KPI	Key Performance Indicators
LDC	Least Developed Countries
LDCF	Least Developed Countries Fund
NAP	National Adaptation Plan
NAPA	National Adaptation Programme of Action
NDA	National Designated Authorities
NIE	National Implementing Entity
OGC	Office of General Counsel
OPM	Office of Portfolio Management (formerly Portfolio Management Unit)
PMU	Portfolio Management Unit (now Office of Portfolio Management)
PPF	Project Preparation Facility
PSAG	Private Sector Advisory Group
PSF	Private Sector Facility
RA	Regional Advisor
RfP	Request for Proposal
RMF	Results Management Framework
RPSP	Readiness and Preparatory Support Programme
SCCF	Special Climate Change Fund
SDGs	Sustainable Development Goals

SIDS	Small Island Developing States
TOC	Theory of Change
TOR	Terms of Reference
UKCIP	UK Climate Impacts Programme
UN	United Nations
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change
WRI	World Resources Institute

EXECUTIVE SUMMARY

Background

The Board of the Green Climate Fund (GCF), at its 21st meeting, considered document GCF/B.21/27: "Performance review of the Green Climate Fund", and recalled paragraphs 59 to 62 of the Governing Instrument for the Green Climate Fund. In Decision B.21/17 the Board of the GCF initiated a review of the performance of the GCF that would be appropriate to the current stage of the Fund's operations and with a view to the GCF being a learning institution. To achieve this, the Board asked the Independent Evaluation Unit (IEU) to undertake the performance review. As part of the overall Performance Review, the IEU undertook a Synthesis Study to collate, critically appraise and synthesise available *documented* evidence and recommend key areas for further examination in the overall Performance Review. This Synthesis Study will inform and feed into the overall Performance Review.

Methods

This desk-based Synthesis Study was undertaken between November 2018-March 2019, and uses grounded theory and methods of meta-ethnographic review. All GCF documents until 15 February 2019 were considered, with special emphasis on 178 documents selected for their relevance to questions of the overall Performance Review. The study also used information from 22 semi-structured interviews to clarify emerging topics.

Key lessons and emerging areas of recommendations

As a result of critical appraisal of available *documents* and an analysis of their relevance, sufficiency and credibility, this Synthesis Study identified nine areas that the overall Performance Review will examine further. These include:

- The GCF's business model
- The Initial Strategic Plan
- The Secretariat's processes and structure
- The GCF's remit for paradigm shift
- Country ownership
- Accreditation
- The private sector
- Measurement and results
- Policy gaps

Other areas that emerged, are not discussed by this Synthesis Study. They include the governance of the GCF, the communication and outreach strategy of the GCF and unintended consequences of GCF investments.

I. The GCF's business model

- A key objective of the GCF is to promote a paradigm shift towards low-emissions and climate resilient development pathways. Paradigm shift is thus both a principle and an outcome in the GCF business model. This creates a potential for circularity.
- Currently there is no *documented* evidence if the GCF business model is fit-for-purpose for developing and supporting a pipeline of investments that will contribute to a paradigm shift.

- The main vehicle for potential contributions by the GCF to a paradigm shift remain Funding Proposals. It is unclear in documented evidence, whether these are sufficient vehicles for catalyzing or contributing to a paradigm shift in climate change.
- Policy processes are largely ignored as a potential area where systemic change may be especially targeted.
- Principles such as country ownership, meeting country needs and large impact represent potential for trade-offs in the current business model.
- Specifically, according to GCF guidance, country ownership is enhanced at various points in the business model, including through the National Designated Authorities (NDAs), no-objection procedure, stakeholder consultations, and direct access entities (DAEs). Yet, there is no effective assessment whether these are sufficient or necessary.
- The effectiveness of the current business model in contributing to a country-owned pipeline of projects is not yet assessed. This is another area of examination for the overall performance review.
- It is clear from the documents reviewed that a very small percentage of the overall percentage of investments is directed through DAEs. This points to a potential weakness in the business model of the GCF (which is predicated on accreditation) and will be examined by the overall Performance Review.
- There is a need to clarify thinking about the role of accreditation, and its suitability to GCF's current business model.
- In the overall Performance Review it will be important to examine the potential for a symbiotic relationship between private finance and grant instruments. Currently, there is not sufficient document evidence to show that the business model is relevant and sufficient for the GCF to shift climate finance in developing countries.
- An analysis of trade-offs and effectiveness of the business model in mobilizing and crowding-in funds at scale while pursuing innovation will be undertaken by the overall Performance Review.
- This Synthesis Study further finds that there is insufficient attention paid to 'innovation' and measuring 'co-benefits', both of which are key to a paradigm shift and to the Paris Agreement. So far it is unclear what structures have been set up within GCF to promote (and demonstrate) innovation, and inadequate attention seems to be paid to ensuring and measuring co-benefits in the GCF's documents, priorities, plans, investments and vision. This will require further assessments.

II. The Initial Strategic Plan (ISP)

- The ISP does not reflect the ambition or urgency of climate science, the GCF Governing Instrument, and other GCF documents.
- Many targets specified in the ISP are ambiguously stated and are not sufficient for the GCF mandate, or even the Board Vision. This is true also for many resource allocation 'targets', that are operationalised with terms such as "maximize engagements" and "reasonable and fair allocation". Without further specificity, it may not be possible to report on such targets credibly.
- The Synthesis Study finds that the Action Plan associated with the ISP is insufficient for achieving the overall vision of the GCF and there is a need to restore ambition. Any Strategic Plan that is articulated going forward, should articulate a vision, priorities, actions, timeframes, accountability and performance markers.
- The ISP identifies a paradigm shift in its vision statements. Currently, neither the ISP nor other

guidance regarding paradigm shift, is sufficient for AEs. The overall Performance Review will examine the effect of this on the resulting pipeline.

- There is a large set of aims and ambitions that the GCF espouses. These range from paradigm shift, country-ownership, direct access, gender equity, geographic balance, sustainable development, transparency and several others. There is a potential that these may be competing with one another. Currently the ISP does not provide specific guidance to steer or prioritise different goals. The overall Performance Review will assess these closely.
- With respect to the private sector, the ISP and its Action Plan make relatively modest commitments for further work. The ISP, although ambitious in vision generally, seems insufficient with regard to the private sector.
- There is scarce documented evidence on the relationship between the overall policy framework and the ISP. Reporting for the ISP has been mainly reports on activities and inputs. This needs to be reviewed further.

III. Processes and structure of the Secretariat

- This is a key area of examination for the overall Performance Review. There is limited documented evidence about how fit-for-purpose the current structures and processes are, for meeting GCF's overall goals and for its business model.
- Although current and previous documents produced by the GCF have been ambitious and have referred to comparative advantages of the GCF, the comparative advantages of the GCF have not been examined rigorously.

IV. Paradigm shift

- 'Paradigm shift' is a primary mandate of the GCF. Yet there is insufficient guidance on this objective.
- The IEU's reviews parse the term into its necessary (but not sufficient) attributes. These include the GCF's contributions to scale of change, depth of change, permanence of change, systems and behavior change (including contributions to policy) as well as the likelihood that the GCF will contribute to disruptive change. The Synthesis Study finds that the Fund is unlikely to be able to demonstrate these contributions, should it continue on its current pathway.
- An IEU review suggests that to develop the guidance, the GCF may consider the following: examine existing evidence, set up impact measurement systems, invest in implementation research and build buy-in.
- There may be a need for measurable and quantifiable allocation targets, and possibly a phased approach. International experience may help to throw additional light on this for GCF to learn more and the overall Performance Review will examine this.
- Given the multiple mandates of the GCF, establishing measurable time specific targets may help bring clarity in actions and workplans.
- There is a scarcity of documented information that examines the relationship between country ownership and paradigm shift. Similarly, the relationship between likely impact and country ownership are not examined in available documents. This Synthesis Study recognizes possible tension between these different objectives. These are key areas that the overall Performance Review will examine.

IV. Country Ownership and accreditation

- Country ownership is not defined by the ISP. While many constituents or indicators of country ownership are identified by the GCF otherwise, documented evidence suggests none of the individual parts alone are sufficient for country ownership.
- For the overall Performance Review, an evidence-based assessment of country ownership in the GCF business model is needed.
- The IPCC Special Report provides evidence that strengthening the global response in the context of sustainable development and efforts to eradicate poverty can enable transformation to help limit global warming to 1.5 degree. On the ground assessments of these relationships with the GCF's investments are clearly required.
- The main documented evidence to inform the GCF's support for processes that aim to meet country needs and country ownership is provided by the GCF's RPSP modality. The IEU's RPSP Evaluation underscores the limited effectiveness of the RPSP in meeting the country ownership and needs, and highlight the need to inform country ownership in a less narrow way. The overall Performance Review will focus more on this and also inform the extent to which country needs are being met currently.
- While it is possible that accreditation may contribute to building capacities amongst DAEs, this evidence is not generalizable so far and will need to be examined further.
- The IEU's RMF Review shows that current operations have scarce guidance for country mechanisms once investments are approved. There is a need for greater understanding of country ownership and needs and its connection with the GCF's business model, as well implications for achieving impact.

V. Private sector.

- Evidence triangulated from GCF documents show that the Action Plan of the ISP has been relatively modest with respect to the private sector. Although the targets set for it in the Action Plan have been met, so far mobilization of private sector finance has been limited.
- Request for Proposals (RFPs) are designed as an important access modality to mobilize the private sector, but have had limited effectiveness on paper. Causes for this will be need to be examined further.
- IEU evidence found the RPSP has supported NDA/FP activities. However there has been moderate facilitation of private sector engagement, and that RPSP support has not contributed significantly to the enabling policy environment.
- Challenges with engagaging the private sector seem to occur on two levels: a) delivering in pre-commercial contexts b) gaps within the GCF architecture. These will be examined more in the overall Performance Review.

VI. Measurement reporting and likely impacts

- There are many frameworks that are currently being used in the Secretariat for managing for results.
- The GCF's Results Management Framework (RMF) was designed to provide the GCF with guidance to ensure that investments contribute to GCF long-term objectives. The IEU's Independent RMF Review finds that it is not being implemented very well so far.
- In the RMF, there is lack of guidance and many result areas are mis-classified. IEU evidence

shows that two-thirds of the funding proposals and causal pathways were not very well discussed or were unclear and that most GCF projects are likely to overstate their potential for results, constituting a reputational risk.

- An IEU review shows that of the GCF's commited USD 3.5 billion, up to USD 1.3 billion projects may not be able to report on indicators and results, with gaps in reporting impact indicators for investment worth USD 800 million.
- A GCF assessment concludes that GCF will have to double its mitigation impact for a scenario consistent with a global pathway well below 2ºC, as proposed by the Paris Agreement. However, the evidence made available by the IEU suggests that these GCF impact claims are not supported by credible measurement.

VIII. Policy review

- While the GCF policy architecture is vast, there are policy gaps, as well as policy overlaps. The Synthesis study identifies six groups of policies with potential for overlaps. A further assessment of policy implementation remains to be undertaken.
- Clear guidance is needed on operational policies and guidelines, with regard to decision making and eligibility considerations.

I. BACKGROUND AND RATIONALE

1. The Board of the Green Climate Fund (GCF), at its 21st meeting, considered document GCF/B.21/27: "Performance Review of the Green Climate Fund" and requested the Independent Evaluation Unit (IEU) of the GCF to undertake a performance review of the GCF in ways that are appropriate to the current stage of the Fund's operations while highlighting that the GCF is a learning institution. *The Board decided that the scope of the performance review will be to assess: the progress made by the GCF so far in delivering on its mandate as set out in the Fund's Governing Instrument, as well as in in terms of its core operational priorities and actions as outlined in the Initial Strategic Plan of the GCF and its business model, in particular, the extent to which the GCF has responded to the needs of developing countries, the level of country ownership; and the performance of the GCF, including of its funded activities, likely effectiveness and efficiencies, the disbursement levels to funded activities; the GCF's existing portfolio and pipeline, the application of financial instruments, the expected impacts of funding Decisions and other support activities, including in terms of mitigation and adaptation, on both a forward-looking as well as backward-looking basis* (italics added for emphasis).

2. To achieve this, the Board asked the Independent Evaluation Unit (IEU) to undertake the Performance Review and present an initial report with emerging areas of recommendations by 28 March 2019. It requested the IEU to prepare the full review by the 30 June 2019.[1] One part of the performance review is this Synthesis Study that *synthesises lessons from existing GCF and other related documents*. The Synthesis Study informs key emerging areas and informs the overall performance review (see for example the approach paper).[2]

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[1] Agenda item 18: Performance review of the GCF for the initial resource mobilization period
GCF/B.21/34/Drf.01 Page 18
The Board took note of document GCF/B.21/27 titled "Performance review of the Green Climate Fund".
The Board adopted the following Decision:
Decision B.21/17
The Board, having considered document Green Climate Fund/B.21/27 titled "Performance review of the Green Climate Fund":
(a) Recalls paragraphs 59 to 62 of the Governing Instrument for the Green Climate Fund;
(b) Decides to initiate a review of the performance of the Green Climate Fund, in a manner appropriate to the current stage of the Green Climate Fund operations and with a view to the Green Climate Fund being a learning institution;
(c) Decides that the review should take into account, but not be limited to, the outcomes of existing Green Climate Fund review documents, including those listed in annex XVI;
(d) Agrees that the scope of the review will be to assess:
(i) Progress made by the Green Climate Fund so far in delivering on its mandate as set out in the Governing Instrument for the Green Climate Fund as well as in terms of its core operational priorities and actions as outlined in the initial Strategic Plan of the Green Climate Fund and the Green Climate Fund's business model, in particular, the extent to which the Green Climate Fund has responded to the needs of developing countries and the level of country ownership;
(ii) The performance of the Green Climate Fund, including its funded activities and its likely effectiveness and efficiencies, as well as the disbursement levels to the funded activities;
(iii) The existing Green Climate Fund portfolio and pipeline, the application of financial instruments, and the expected impacts of funding Decisions and other support activities, including in terms of mitigation and adaptation, on both a forward- and backward-looking basis;
(e) Decides that the outcome of the performance review and the Board's consideration of the performance review will be shared with the replenishment process;
(f) Requests the Independent Evaluation Unit, drawing on relevant external expertise, as appropriate, to undertake the review as early as possible and present an initial report with emerging areas of recommendation no later than 28 March 2019, and to finalize the review no later than 30 June 2019;
(g) Approves a budget allocation of USD 500,000 for the review to be added to the Independent Evaluation Unit budget effective immediately and available for the remaining part of 2018 and for 2019, and requests the Budget Committee to review the budget allocation with the head of the Independent Evaluation Unit.

[2] Independent Evaluation Unit (2019) *Forward-Looking Performance Review of the Green Climate Fund.* Approach Paper. Songdo, Korea. Available at: https://ieu.greenclimate.fund/evaluations/fpr

II. SYNTHESIS STUDY QUESTIONS

3. The Synthesis Study synthesises IEU and GCF documents and draws lessons from past and current evaluations, reviews, studies etc. undertaken by the IEU and by the GCF overall. It focuses on their findings and conclusions to inform key areas of recommendation. In synthesising documents produced by the GCF system (including the Secretariat, the IEU and other independent units) the Synthesis Study also used other available documents to highlight key emerging messages (see B.21/17(c)). To inform emerging areas, the Synthesis assesses the relevance, sufficiency and credibility of documents, especially those listed in Annex XVI of the Decision. Specifically it:
   - Critically appraises documents concerning the Secretariat programmes/projects, frameworks, modalities, themes, processes and policies, IEU evaluations, and especially documents listed in Annex XVI of the Decision GCF/B.21/27
   - Informs main emerging areas drawn from these documents as may be useful at this stage of the GCF's evolution
   - Indicates knowledge gaps regarding the effectiveness and efficiency of GCF processes and structures.
4. In this context, the Synthesis Study asks the following questions:
   a) *Learning*: What are the *emerging conclusions* from the reviews and evaluations available in the GCF?
   b) *Relevance*: What lessons can be learned from the documents available in the GCF? Are there any concerns in terms of the quality of these documents and reporting? Are they relevant to the needs of an institution such as the GCF?
   c) *Sufficiency*: Are there gaps in documents?
   d) *Credibility*: Are there biases in GCF documentation? How credible are these documents?

III. METHODS

5. This synthesis report is a *desk study* that contributes to the overall Performance Review.[3] It should be seen as an interim document.
6. The main method it uses is a *meta-ethnographic review*. Meta-ethnography is a qualitative review of policies and evidence that aims to answer questions relevant to practioners, in this case, the GCF Board. It uses a 'grounded theory process' of coding data.[4] Grounded theory generates a theory 'from the ground' (in this case, from the documents) while not testing pre-conceived hypotheses. It provides a participatory framework for exploratory and synthetic research based on evidence and allows evaluators to be agnostic while findings emerge i.e. letting the data speak for themselves.[5] Using grounded theory, GCF documents (those made available until February 15, 2019) were coded with a critical lens. As documents were coded, themes started to emerge among the codes, and were regarded as *themes* of the synthesis. This step generated patterns from reviews and evaluations. A total of 178 documents were reviewed in detail. These are listed in Appendix II. Specifically the Synthesis Study considered the following categories of documents[6]:

[3] Decision B.21/17
[4] Strauss and Glaser (1997)
[5] See for example Locke, K. D. (2001). *Grounded theory in management research.* Sage.
[6] GCF/B.21/34, Decisions of the Board – Twenty First Meeting of the Board, 17-20 October 2018

- GCF's Governing Instrument, its Initial Strategic Plan (ISP) and business model documents, and Board meeting reports
- Periodic reviews and reports produced by the Secretariat including programmatic reviews undertaken by the Secretariat and Independent Technical Advisory Panel (iTAP)
- IEU Evaluations and reviews
- Secretariat reports to the United Nations Framework Convention on Climate Change (UNFCCC)

7. *Semi-structured interviews*: The Synthesis Study also includes interviews with internal GCF stakeholders, and external stakeholders to provide insights related to evidence and gaps. Twenty-two interviews were undertaken opportunistically and purposively. Interviews helped to highlight patterns of evidence, lessons learnt, gaps in evidence, and bias in GCF documents. Interviews also helped to validate emerging findings and identify other sources of relevant information.
8. *Review of policies*: A desk review of GCF policies and relevant frameworks and administrative instructions (AIs) was conducted as part of the Synthesis Study. The policy framework was assessed using the criteria of relevance, sufficiency and complementarity. Based on these criteria, a customized Policy Review Protocol was prepared and used. Data from the protocol was synthesised to inform the desk review of the GCF policy framework
9. *Key emerging areas identified by this Synthesis Study as critical for the overall Performance Review*: Seven main areas of importance emerged as a result of the meta-ethnography, critical appraisal and synthesis. These are:
   - The GCF's remit for paradigm shift
   - Progress against the Initial Strategic Plan
   - Country ownership, country needs, and country-driven approach
   - Accreditation
   - The private sector
   - Measurement and results
   - Policy gaps
   - Other areas that did emerge, are not examined by this Synthesis Study. They include the governance of the GCF, the communication and outreach strategy of the GCF and unintended consequences of GCF investments.

   These areas are discussed in the seven substantive chapters that follow. In a separate process, the following themes were identified as important for the overall Performance Review[7]: the business

Annex XVI: Green Climate Fund Review Documents
A. Reviews by the UNFCCC
i. The technical summary of the fifth (FCCC/CP/2014/10/Add.2) and sixth reviews of the financial mechanism of the UNFCCC (FCCC/CP/2017/9, Annex II) and Decisions 9/CP.20 and 11/CP.23;
B. Reviews by the Green Climate Fund Secretariat
i. The review on the operation and structure of the Secretariat (Annex III, GCF/B.18/10);
ii. The performance review of the Accreditation Panel (GCF/BM-2017/10);
iii. The review of the Accreditation Framework (GCF/B.21/08);
iv. The review of the financial terms and conditions of the Fund's financial instruments (GCF/B.21/05 and Add.01);
v. The review of the structure, performance and capacity of iTAP (GCF/B.18/Inf.11, GCF/B.21/04);
vi. The Secretariat's initial review of the Readiness and Preparatory Support Programme (GCF.B19/32/Add.01);
vii. The forward-looking roadmap on the Green Climate Fund's private sector work; and
viii. The first annual portfolio performance report (GCF/B.21/Inf.12).
C. Reviews by the IEU
i. The independent evaluation of the Readiness and Preparatory Support Programme (GCF/B.21/28 and Add.01);
ii. The independent evaluation of the implementation of the Results Management Framework (GCF/B.21/20).

[7] Independent Evaluation Unit (2019) *Forward-Looking Performance Review of the Green Climate Fund.* Approach Paper. Songdo, Korea. Available at: https://ieu.greenclimate.fund/evaluations/fpr

model, the Initial Strategic Plan, the Secretariat's processes and structure, paradigm shift/ scale/ change/ innovation, likely impact of the GCF, country needs and ownership, climate rationale/ ambition, and normative standards. The conclusion of all seven chapters of this Synthesis Study includes a discussion of the evidence along the eight themes of the overall Performance Review.

10. *Limitations*: First, this is a desk-based study and a meta-ethnography. This means the synthesised evidence has not been ground-truthed. Secondly, while we examined and critically appraised documents and evidence, this process used the lens of the respondents and the reviewers. To mitigate this limitation, double-blind coding was used for policy reviews. Thirdly, the limitations of qualitative research such as external validity and generalisability etc. remain. This is why this Synthesis Study is only used to inform emerging areas of recommendations for the full Performance Review. The overall Performance Review uses data, research and on the ground assessments to inform its findings and recommendations. It is most likely that the overall Performance Review will identify other critical areas. The overall Performance Review will be submitted to the Board on June 30, 2019.

IV. PARADIGM SHIFT

11. In December 2010, the Sixteenth Session of the UNFCCC (COP 16) meeting in Cancun, Mexico, decided to establish the GCF as an operating entity of the financial mechanism of the Convention under Article 11, and adopted the Governing Instrument of the GCF at the next meeting - COP 17 in Durban, South Africa in December 2011. According to the Governing Instrument, the purpose of the GCF is "to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change."The objectives of the GCF are:
    - To contribute to the ultimate objective of the UNFCCC of *stabilising greenhouse gas concentrations* in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system;
    - To promote a *paradigm shift* towards low-emission and climate-resilient development pathways; and
    - To provide support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries *particularly vulnerable to the adverse effects of climate change*.
12. The Governing Instrument also stipulates that the GCF will be guided by the principles and provisions of the UNFCCC, including:
    - Operating in a transparent and accountable manner guided by efficiency and effectiveness;
    - Playing a key role in channelling *new, additional, adequate and predictable financial resources* to developing countries;
    - *Catalysing climate finance*, both public and private, and at the international and national levels; and
    - *Pursuing a country-driven approach* and promoting and strengthening engagement at the country level through effective involvement of relevant institutions and stakeholders.
13. In September 2015, the UN General Assembly adopted a set of 17 Sustainable Development Goals (SDGs) which are an integral part of the 2030 Agenda for Sustainable Development, among which is Goal 13: "Take urgent action to combat climate change and its impacts by regulating emissions and promoting developments in renewable energy." This emphasised that economic development and climate change are inextricably linked, particularly around poverty, food insecurity, gender equality,

and energy. Only a very ambitious climate deal in Paris in 2015 could enable countries to reach SDG 13 on climate action. Then COP 21 of the UNFCCC, meeting in Paris in December 2015, adopted the Paris Climate Agreement "to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty". The Agreement confirmed that the GCF along with the Global Environment Facility (GEF) should serve the Agreement as two entities entrusted with the operation of the Financial Mechanism of the Convention. The UNFCCC *specifically requested that the GCF to "expedite support for the least developed countries and other developing country Parties for the formulation of national adaptation plans"***.** As a designated operating entity of the Financial Mechanism of the UNFCCC, the GCF provides equal funding for climate change mitigation and adaptation projects and programmes to developing countries, with a particular focus on countries that are vulnerable to the adverse effects of climate change.

14. The Governing Instrument of the GCF provides that the Fund will promote the *paradigm shift* towards low emission and climate-resilient development pathways. The GCF's key text relating to paradigm shift are described in Table 1.

Table 1 Key GCF text related to paradigm shift

KEY GCF TEXT	
Mandate	"In the context of sustainable development, the Fund will promote the paradigm shift towards low emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change." (Governing Instrument for the Green Climate Fund, 2011)
Board Vision	"Promoting the paradigm shift towards low-emission and climate-resilient development pathways; Supporting the implementation of the Paris Agreement within the evolving climate finance landscape." (Strategic Plan, 2016-2020)
Components of paradigm shift include	"• Financing innovative projects and programmes, inter-alia supporting the application and dissemination of *cutting-edge climate technologies*, which are characterised by the highest levels of mitigation/adaptation ambition, that can be *scaled-up and/or replicated or lead to fundamental changes in behaviors and/or investment patterns* • *Programming resources at scale* while seeking to maximise impact as well as achieve a balanced allocation between mitigation and adaptation activities and a particular focus on supporting those developing countries particularly vulnerable to the adverse impacts of climate change, including Least Developed Countries (LDCs), Small Island Developing States (SIDS) and African states • Ensuring full country-ownership through its operational modalities and by providing adequate support to build the required country capacity • Ensuring transparent and inclusive procedures with respect to all GCF-related activities • Crowding-in and maximising the engagement of the private sector in financing and implementing the paradigm shift towards low emission and climate resilient development pathways." (Strategic Plan, 2016-2020)
Current investment criteria[8]	"Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment." (Investment criteria indicators, Decision B.09/05: Initial investment framework sub-criteria and assessment factors)

[8] Please refer Table 2 for details of the Initial Investment Framework, including Indicative assessment factors.

KEY GCF TEXT	
Draft indicator for investment criteria	"Necessary conditions indicator. Project proposals should identify a vision for paradigm shift as it relates to the subject of the project. The vision for paradigm shift should outline how the proposed project can catalyse impact beyond a one-off investment. This vision for longer-term change should be accompanied by a robust and convincing theory of change (TOC) for replication and/or scaling up of the project results, including the long-term sustainability of the results, or by a description of the most binding constraint(s) to change and how it/they will be addressed through the project." (Investment criteria indicators, GCF/B.22/05)

15. Paradigm shift is mentioned as an objective (rather than just a principle) in various documents of the GCF. This **creates several ambiguities in that 'paradigm shift' is both a principle and an outcome.**[9] During its 12th meeting in March 2016, the GCF Board endorsed an ISP for the GCF "to guide the Board in addressing policy gaps and programming the Fund's resources of the Initial Resource Mobilization period between 2015 and 2018 and to invest the Fund's resources in transformational climate actions in a country-driven manner".[10] The ISP has the following paradigm shift components (one of two): (a) Promoting a *paradigm shift* towards low-emission, and (b) climate-resilient development pathways (italics added). For a detailed discussion of the ISP, please see the next section of this report.
16. The Initial Investment Framework provides guidance to Accredited Entities in the development of funding proposals includes paradigm shift as one of six investment criteria to guide the GCF's investments, and defines paradigm shift potential of a funding proposal as: "*degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment*" (Table 2).

Table 2 Definition, coverage area, and sub-criteria of paradigm shift, as articulated in the Initial Investment Framework of the GCF[11]

DEFINITION	COVERAGE AREA	ACTIVITY-SPECIFIC SUB-CRITERIA	INDICATIVE ASSESSMENT FACTORS (INCLUDING INDICATORS)
Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment	Potential for scaling up and replication, and its overall contribution to global low-carbon development pathways being consistent with a temperature increase of less than 2 degrees Celsius (mitigation only)	Innovation Level of contributions to global low-carbon development pathways, consistent with a temperature increase of less than 2 degrees Celsius Potential for expanding the scale and impact of the proposed programme or project (scalability) Potential for exporting key structural elements of the proposed programme or	Opportunities for targeting innovative solutions, new market segments, developing or adopting new technologies, business models, modal shifts and/or processes Expected contributions to global low-carbon development pathways consistent with a temperature increase of less than 2 degrees Celsius as demonstrated through: A TOC for scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation A TOC for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries

[9] To clarify: a principle explains or controls *how* something works. It is the foundation of a system. An outcome or an objective is an operational consequence of action. It defines *what that system should achieve*, using its principles as context.
[10] Decision B.12/20
[11] The Initial Investment Framework was adopted by the Board in Decision B.09/05. This table is extracted from the Initial Investment Framework and refers only to the criteria on paradigm shift. Other investment criteria include: impact potential, sustainable development potential, needs of the recipient, country ownership, efficiency and effectiveness.

Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators)
		project elsewhere within the same sector as well as to other sectors, regions or countries (replicability)	
	Potential for knowledge and learning	Contribution to the creation or strengthening of knowledge, collective learning processes, or institutions	Existence of a monitoring and evaluation plan and a plan for sharing lessons learned so that they can be incorporated within other projects
	Contribution to the creation of an enabling environment	Sustainability of outcomes and results beyond completion of the intervention Market development and transformation	Arrangements that provide for long-term and financially sustainable continuation of relevant outcomes and key relevant activities derived from the project/programme beyond the completion of the intervention Extent to which the project/programme creates new markets and business activities at the local, national or international levels Degree to which the activity will change incentives for market participants by reducing costs and risks, eliminating barriers to the deployment of low-carbon and climate-resilient solutions Degree to which the proposed activities help to overcome systematic barriers to low-carbon development to catalyse impact beyond the scope of the project or programme
	Contribution to the regulatory framework and policies	Potential for strengthened regulatory frameworks and policies to drive investment in low-emission technologies and activities, promote development of additional low-emission policies, and/or improve climate-responsive planning and development	Degree to which the project or programme advances the national/local regulatory or legal frameworks to systemically promote investment in low-emission or climate-resilient development Degree to which the activity shifts incentives in favour of lowcarbon and/or climate-resilient development or promotes mainstreaming of climate change considerations into policies and regulatory frameworks and decision-making processes at national, regional and local levels, including private-sector decision-making
	Overall contribution to climate-resilient development pathways consistent with a country's climate change adaptation strategies and plans (adaptation only)	Potential for expanding the proposal's impact without equally increasing its cost base (scalability) Potential for exporting key structural elements of the proposal to other sectors, regions or countries (replicability)	Scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation A TOC for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries Degree to which the programme or project reduces proposed risks of investment in technologies and strategies that promote climate resilience in developing countries

Assessment of guidance made available by the GCF

17. Several challenges and opportunities are identified in relation to paradigm shift, which draw primarily from the mixed placement of paradigm shift in GCF, and the guidance available in order to measure paradigm shift.

18. Firstly, **although paradigm shift is the paramount mandate given to the Fund, the guidance**

available within the GCF is limited. Indeed, during the development of the GCF, the term 'paradigm shift' was selected over 'transformational change' *because the former allowed for better measurement.*[12] Yet, neither the Governing Instrument, nor the ISP attempt a specific definition of paradigm shift. Although the ISP identifies some of the components of paradigm shift, it recognises that paradigm shift is an "abstract vision". Interestingly, before the endorsement of the ISP at B.12, the Board adopted the Initial Investment Framework and criteria in Decision B.09/05. In this framework, paradigm shift is one of six investment criteria, against which proposals are developed and screened.

19. Therefore, while paradigm shift is a primary objective of the GCF, it is one of two Strategic Vision statements endorsed by the Board, it is also one of six investment criteria. **This varying placement of paradigm shift within the the GCF's strategic architecture is circular and creates confusions since it is not clear whether it should be incorporated as a principle or an operational objective.**[13] In another example, the Operational Framework on Complementarity and Coherence, there is a single reference to paradigm shift, in Pillar III (Promotion of coherence at the national programming level) Element 3 (Country-driven coordination), Outcome III.

20. Additionally, the ISP mentions that the GCF's investments should "*lead to fundamental changes in behaviours and/or investment patterns*". **However, it does not provide "a further definition of the concept of paradigm shift, other than that already provided in the GCF's Initial Investment Framework."** As also reflected in the Initial Investment Framework (see below), it refers to other important components of paradigm shift, including: *innovative projects and programmes, potential for scale-up, replication, fundamental change in behaviours, and programming at scale while seeking to maximize impacts* (italics added).[14]

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[12] The Governing Instrument for the Green Climate Fund states the following in I. Objectives and guiding principles:
"2. The Fund will contribute to the achievement of the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC). In the context of sustainable development, the Fund will promote the paradigm shift towards low emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change."
The Transitional Committee, until its third meeting, used the phrase "transformational shift" as a guiding principle (Report of the third meeting of the Transitional Committee for the design of the Green Climate Fund 5 October 2011 Third meeting TC-3/3 https://unfccc.int/files/cancun_agreements/green_climate_fund/application/pdf/tc3_-3.pdf), and this mandate was explicitly discussed at a workshop during the second meeting (Workstream I: Scope, guiding principles, and cross-cutting issues Working paper, 29 June 2011 Second meeting TC-2/WSI/1, accessed from: *https://unfccc.int/files/cancun_agreements/green_climate_fund/application/pdf/tc2_ws1_1_290611.pdf*). A contemporaneous account by GermanWatch comments: "During the preparatory phase of the GCF, when the GCF's Transitional Committee discussed the Governing Instrument, the term 'transformational change' was disputed because of its lack of definition and different understandings. To prepare for the Transitional Committee's final meeting, a workshop was held to discuss what the term meant. The Parties eventually agreed on another term: a 'paradigm shift' towards low-emissions and climate resilient development pathways." (Reference: Harmeling, S., Grießhaber, L., Chhetri, R.P., Eckstein, D. (2013) How can the Green Climate Fund initiate a paradigm shift? GermanWatch. Accessed from: *https://cdkn.org/resource/policy-brief-how-can-the-green-climate-fund-initiate-a-paradigm-shift-2/?loclang=en_gb*)

[13] To clarify: a principle explains or controls *how* something works. It is the foundation of a system. An outcome or an objective is an operational consequence of action. It defines *what that system should achieve*, using its principles as context.

[14] Contained in Annex I to Decision B.12/20, the ISP states:
"While this document doesn't strive to provide a further definition of the concept of paradigm shift, other than that already provided in the GCF's Initial Investment Framework, Board/Alternate members, in the Informal Board Dialogue, highlighted the following components as being important:
• financing innovative projects and programmes, inter alia supporting the application and dissemination of cutting-edge climate technologies, which are characterized by the highest levels of mitigation/adaptation ambition, that can be scaled-up and/or replicated or lead to fundamental changes in behaviors and/or investment patterns;
• programming resources at scale while seeking to maximize impact as well as achieve a balanced allocation between mitigation and adaptation activities and a particular focus on supporting those developing countries particularly vulnerable to the adverse impacts of climate change, including LDCs, SIDS and African States;
• ensuring full country-ownership through its operational modalities and by providing adequate support to build the required country capacity;

21. Secondly, **there is only moderate alignment between the explanation of paradigm shift in the Strategic Plan, Initial Investment Framework, and the global understanding of paradigm shift**. A 2018 learning paper[15] by the IEU reviews international attempts to define and measure transformational change. This learning paper finds that there are many common features in the way transformational change is defined across evaluations made available by a number of international agencies. However, the comparison with components in the ISP and indicators in the Investment Framework demonstrates that the guidance on paradigm shift among these documents is different from one another and from the literature more broadly. Table 3 below is reproduced from the learning paper, and includes additional comparison with the GCF's documents.

Table 3 A review of definitions for 'transformational change' across evaluations, and comparison with GCF guidance

		AS ANALYSED BY IEU LEARNING PAPER (PURI, 2018)					DEFINITIONS OR INDICATORS OF PARADIGM SHIFT CONSIDERED IN GCF DOCUMENTS	
As analysed by IEU Learning Paper (Puri, 2018)	Attribute of T-change	CIF Transformational	WB Transformational Engagement	GEF LDCF/SCCF	UKCIP	IFAD	ISP	Initial Investment Framework
	Measured T-change?	No	Maybe	No	No	Yes	No	No
	Specific/consistent indicators	Yes	No	No	No	Yes	No	Maybe
	Demonstration project logic (TOC)/catalytic	Yes	No	Yes	Yes	No	No	Yes
	Removing barriers/lower costs	Yes	No	Yes	?	No	No	Yes (as enabling environments)
	Scale effects (spatial)	?	Yes	Yes	?	Yes	Yes, scale-up of investment	Yes
	Research and learning	Yes	No	Yes	?	No	No	Yes
	Systems and across sectors	No	Yes	Yes	Yes	Yes	No	No
	Long-term change	No	Yes	Yes	Yes	Yes	No	No

• ensuring transparent and inclusive procedures with respect to all GCF-related activities; and
• crowding-in and maximizing the engagement of the private sector in financing and implementing the paradigm shift towards low emission and climate resilient development pathways."

[15] Puri, J. (2018). *Transformational Change – The Challenge of a Brave New World. Independent Evaluation Unit* (IEU) *Learning Paper No. 1*, Green Climate Fund. Songdo, South Korea.

		As analysed by IEU Learning Paper (Puri, 2018)					Definitions or indicators of paradigm shift considered in GCF documents	
	Behaviour change	No	Yes	No	No	Yes	Yes	No
	Capacity building	No	No	Yes	No	No	Unclear	Unclear
Additional indication provided in GCF documents	Technology	Not assessed	Not assessed	Not assessed	Not assessed	Not assessed	Yes	(Innovation is a criterion, only for mitigation projects)
	Replicability	Not assessed	Not assessed	Not assessed	Not assessed	Not assessed	Yes	Yes
	Programming resources at scale with balance in portfolio	Not assessed	Not assessed	Not assessed	Not assessed	Not assessed	Yes	No
	Country-ownership	Not assessed	Not assessed	Not assessed	Not assessed	Not assessed	Yes	Yes (required for adaptation project)
	Transparency and inclusiveness	Not assessed	Not assessed	Not assessed	Not assessed	Not assessed	Yes	No
	Maximizing the engagement of the private sector	Not assessed	Not assessed	Not assessed	Not assessed	Not assessed	Yes	Yes
	Regulatory frameworks and policies	Not assessed	Not assessed	Not assessed	Not assessed	Not assessed	No	Yes

Source: Puri, J. (2018). Transformational Change – The Challenge of a Brave New World. Independent Evaluation Unit (IEU) Learning Paper No. 1, Green Climate Fund. Songdo, South Korea.

22. The explanations provided in the Strategic Plan and the Initial Investment Framework **are not directly aligned with each other**, and also exclude elements of the global understanding on paradigm shift. For instance, when compared with the global experience (as illustrated by Puri, 2018), the Strategic Plan does not explicitly account for:

– Measuring transformational change;

– Specific/consistent indicators;

– Demonstration project logic (TOC)/catalytic;

– Removing barriers/lowering costs;

– Long-term change;

– Research and learning;

– Systems change across sectors.

23. **Similarly, the Investment Criteria do not account for all dimensions of paradigm shift**. As the IEU's Independent review of the GCF's Results Management Framework (hereafter, IEU's Independent RMF Review) states in reference to the investment criteria: "We also note that paradigm-shift and transformations also require informing not just the 'scale' of change and 'replicability' but also recognizing that **'depth of change' and 'last mile' considerations such as behaviour change** and recognizing that this change needs to be non-ephemeral."[16]

24. Thirdly, related to the above, **a large number of GCF's documents (**

[16] Independent Evaluation Unit (2018) *Independent review of the GCF's Results Management Framework*, Evaluation Report No. 1/2018, Green Climate Fund, Songdo, South Korea.
The IEU's Independent RMF Review states: "The investment criterion '**paradigm-shift potential**' states that projects (should) assess the degree to which investments will achieve sustainable development impacts beyond one-off effects, by scaling and replicating investments. The Secretariat's latest informational document on investment criteria indicators states that projects should "*be accompanied by a robust and convincing theory of change for replication and/or scaling up of the project results, including the long-term sustainability of the results, or by a description of the most binding constraint(s) to change and how it/they will be addressed through the project.*".[GCF/B.20/Inf.14, 8] However, the other areas to consider in understanding "paradigm shift potential" are not acknowledged in the guidance provided, such as "potential for knowledge and learning", "contribution to creating an enabling environment", "contribution to regulatory frameworks and policies" and "overall contribution to climate resilient development pathways consistent with a country adaptation strategies and plans (for adaptation only)". Furthermore, there is no guidance on how the indicative assessment factors associated with these attributes of paradigm shift potential, will be measured and informed, in a way that is consistent and useful across projects. We also note that paradigm-shift and transformations also require informing not just the 'scale' of change and 'replicability' but also recognizing that **'depth of change' and 'last mile' considerations such as behaviour change** and recognizing that this change needs to be non-ephemeral. All these are critical if paradigm shift is to be informed robustly."

25. **Table** 4**) also find that funding proposals received by the GCF are not yet transformational because guidance on paradigm shift is insufficient, and the potential of proposals depends upon the ambition of the Accredited Entities (AEs)**. Other than the review of the AEs for accreditation, there is no assessment of the ambitions of the AEs in terms of their capacity and goals for paradigm shift. This points to insufficient attention or importance being given to paradigm shift. For instance, in the words of the IEU's Independent RMF Review, the challenge of lack of ambition in funded proposals stems from "the Fund's business model, which depends on other organisations for the actual development and implementation of projects". The Private Sector Advisory Group (PSAG) states in its report to B.16: "project-based approaches are often inherently piecemeal in nature and that to deliver on the GCF transformational mandate, more programmatic and ecosystem-based work should be encouraged"[17]. Another report states: "fostering systemic change requires thinking beyond individual projects that directly reduce emissions and increase resilience to interventions that support broader policy and institutional reforms within countries to create environments that encourage the necessary shifts in investment patterns."[18] In

[17] GCF/B.16/INF.04/ADD.01
[18] Amerasinghe, N., et al. *op cit*

26. Table 4 Extracts from GCF documents with reference to low ambition and paradigm shift potential in GCF projectse 4, extracts from GCF documents show references to low ambition and paradigm shift potential in GCF projects. These documents, generally speaking, do not present evidence and are based on experience with different parts of the process. Therefore, this evidence is not critically appraised. **We conclude that the measurement of paradigm shift potential in projects is currently not credible** (see Fiala et al. 2019).

Table 4 Extracts from GCF documents with reference to low ambition and paradigm shift potential in GCF projects

Document	Extract illustrating the challenge of GCF funded projects to achieve paradigm shift
Report on the implementation of The GCF's ISP: 2015–2018 GCF/B.22/Inf.13	…a key challenge the GCF faces in managing and maximising impact is the still-evolving state of global knowledge on how to define, articulate and evaluate paradigm shift and transformation, in particular for adaptation. Another underdeveloped issue is how the project-focused RMF established for the GCF might dovetail with tracking towards broader country-level ambitions for climate action expressed in the Paris Agreement. Transformational climate programming, in tandem with a continuing enhancement of ambition under the Paris Agreement, is likely to require ongoing investment in the capacity to integrate climate analysis into cross-government development planning, investment Decisions and policymaking, as well as strengthened public-private sector engagement. An updated Strategic Plan may wish to reflect this broader, ambitious potential for the GCF's readiness to support institutional transformation that underpins country-driven, paradigm-shifting climate action.
Review of the structure and effectiveness of the iTAP GCF/B.18/Inf.11	*The proposals received by the GCF overall are not yet as transformational, as deeply linked to climate change, or demonstrating the long-term sustainability originally assumed when processes were designed* [italics added]. This may well be due in part to confusion on the part of some proposal proponents on what exactly the GCF is seeking, which the GCF is working to address. There is substantial pressure to approve existing projects in the pipeline for all involved, which has contributed to a tight review schedule for the iTAP and a tendency to make condition-bound approvals.
Work programme for the Secretariat GCF/B.18/13	Further, because the proposals currently under review were developed without the benefit of robust guidance and project eligibility requirements, both their *quality and their linkage with country strategies and the GCF's transformational goals remain variable* [italics added].
Report of the PSAG GCF/B.16/Inf.04/ Add.01	*Project-based approaches are often inherently piecemeal in nature and that to deliver on the GCF transformational mandate* [italics added], more programmatic and ecosystem-based work should be encouraged.
Amerasinghe, N., Thwaites, J., Larsen, G., & Ballesteros, A. (2017). *The Future of the Funds. Exploring the Architecture of Multilateral Climate Finance*, World Resources Institute, Washington DC.	However, *an emphasis on systemic change and policy reform has not come through clearly in projects approved so far* [italics added]. As a former executive secretary put it, the Fund's "rules are very broad…the net that exists is very wide, so anything goes. We can't continue like that; we need to invest the money wisely to meet the mandate of the fund . . . we need to find ways to signal clearly what is a project that would change the game" (Rowling 2016). Results indicators adopted to date have focused on direct greenhouse gas emission reductions, finance leveraged, and number of beneficiaries. More systemic indicators such as institutional and regulatory systems that improve incentives for low-emissions planning and development have been proposed and noted but not adopted, and the board has deferred consideration of further development of indicators for the last three meetings.
GCF Insights, Oct 2016 https://www.ecoltdgroup.com/wp-content/uploads/2016/11/GCF-Insight-October-2016.pdf	The need for clearer guidance and support from the GCF that many respondents expressed in their responses to other questions in the survey. More than half of the NDAs (52%) said that in order for them to emphasise more the transformational potential of projects, they would require clearer guidance from the GCF with regard to what the Fund is seeking Respondents noted that additional guidance may be provided through "more support for project preparation", "more weight [on transformational potential] at the time of project analysis by the GCF" but, importantly, also through the GCF's own practices. As one respondent said, the "GCF appears to prefer to work with traditional developmental organisations like UN entities and DFIs [development finance institutions]. This is neither transformational nor innovative, hence GCF requests something it is not really pursuing itself". Another added that the GCF should be willing to take more and other kinds of risks than existing market participants in order to demonstrate its added value. *Since the Board started approving proposals at its eleventh meeting, stakeholders of the Fund have often had concern about the lack of good climate rationale and transformational impact of projects* [italics added] and the increasing perception that projects designs are not sufficiently aligned with potential standards for concessionality and incrementality.

27. Corroborating the circumstantial evidence from the GCF's documents, a working paper of the IEU finds that **between 16-39 percent of Funded Projects rely on significant assumptions that are not verified and/or where paradigm shift indicators that are vaguely described** (Table 5). Further, in a GCF Insights survey by E.Co.[19], more than half of the NDAs (52%) said that to emphasise the transformational potential of projects, they would require clearer guidance from the GCF regarding what the Fund is seeking. On a related note, the proposed Investment Criteria indicator on paradigm shift would require project proposals to "identify a vision for paradigm shift as it relates to the subject of the project".[20] In our view, there is no guarantee that an AE's vision for paradigm shift would align with that of the GCF, because, in the GCF's exposition, paradigm shift is both a principle and an operational objective.

Table 5 Paradigm shift potential, as assessed in GCF Funded Proposals

	Adaptation	Mitigation	Cross-cutting
To what extent is paradigm shift potential identifiable and measurable in the proposal?			
% low risk (may be measured – but isn't necessarily planned for)	24	44	64
% medium risk (some information available)	37	33	20
% high risk (will not identified or measured)	39	22	16

Source: Fiala, N., Puri, J, and Mwandri, P. (2019). *Becoming bigger, better, smarter: A summary of the evaluability of Green Climate Fund proposals*. IEU Working Paper No. 2, Green Climate Fund. Songdo, South Korea

28. At B.12, the GCF Board restated that it expected the AEs to advance the GCF's goal of a paradigm shift, and move their overall portfolios in this direction.[21] The Board Decision identified the need for an assessment of the shift in the AE's portfolio to align with that of the GCF, beyond just the activities supported by the GCF. According to the document prepared for B.22, this assessment will take place through the re-accreditation process[22] (yet to be established) and Project Specific Assessment Approach (PSAA, yet to be adopted by the Board).[23] Currently, there is **no assessment**

[19] The survey was administered to 50 respondents (32 NDAs and Focal Points and 18 accredited entities). The GCF Insights edition can be accessed from: *https://www.ecoltdgroup.com/wp-content/uploads/2016/11/GCF-Insight-October-2016.pdf*
[20] GCF/B.22/05
[21] Decision B.12/20
(c) Recalling Decision B.10/06, paragraph (j), and Decision B.11/10, Annex I, paragraph 35, the Board underlines its expectation that accredited entities will advance the goal of the GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development, which includes shifting their overall portfolios in line with this direction;
(d) Requests the Accreditation Panel, with the support of the Secretariat as necessary, to establish a baseline on the overall portfolio of accredited entities, including those already accredited at an earlier stage, that allows for an assessment of the extent to which the accredited entities' overall portfolios of activities, beyond those funded by the GCF, have evolved in this direction during the accreditation period;
[22] B.22/14 Matters related to accreditation, including the framework review, and matters related to the baseline of accredited entities: Accreditation framework review
[23] B.22/14 Matters related to accreditation, including the framework review, and matters related to the baseline of accredited entities: Accreditation framework review
"46. The re-accreditation process is currently being developed by the Secretariat and AP and will be based on the accreditation framework and accreditation standards (e.g. fiduciary standards, ESS and the Gender Policy) as well as the baseline of the overall portfolio of the AEs that allows for an assessment of the extent to which their activities (beyond those projects/programmes funded by GCF) have evolved during the accreditation period. In light of the findings from the Consultant regarding the pipeline and portfolio of projects/programmes, noting that some AEs have not yet submitted concept notes or funding proposals, the Board may wish to consider whether to put in place minimum requirements regarding quality projects/programmes, such as the approval

of paradigm shift in AEs' own portfolios.

29. The Readiness and Preparatory Support Program (RPSP) was not initially expected to bring about paradigm shift, and its overall effectiveness in creating a paradigm shift has been low, yet it has created some enabling conditions.[24] The Independent Evaluation of the Green Climate Fund's Readiness and Preparatory Support Program (RPSP), hereafter, the IEU RPSP Evaluation, recommends that to promote paradigm shift, the RPSP needs to be planned and designed strategically.[25] In the RPSP Strategy for 2019-2021, paradigm shift is stated as one of seven value proposition statements. The draft RPSP workplan also includes the development of a paradigm-shifting pipeline in its focus areas, **but its outcomes are expected to be measured solely by the number of Concept Notes and Funded Project proposals submitted by Direct Access Entities (DAEs)**. In the view of this Synthesis Study, **this is insufficient.**

Comparative Advantage

30. To promote a paradigm shift towards low-emission and climate-resilient development pathways, the GCF should be able to use its significant comparative advantages. As identified in a report by the World Resources Institute (WRI)[26], as well as the ISP[27], the GCF is a fund that should be *able to programme and manage finance at scale, take on risks, enable pilots, and leverage its status as an operating entity of the financial mechanism of the UNFCCC*. **Given the paucity of assessments of this critical aspect of the GCF, this Synthesis Study is unable to gauge the effectiveness and sufficiency of these goals. It is clear, however, that an assessment is required and current documentation is insufficient.**

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of at least one funding proposal submitted by AEs for GCF financing or approval of a Project Preparation Facility proposal by AEs."

"52. (c) Contribution to the objectives and mandate of GCF: as per decision B.10/06, paragraph (j), to advance the goal of GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development, entities with funding proposals approved within the scope of PSAA would be required to report at least once every five years to the Board through the Secretariat the extent to which the entity's overall portfolio of activities beyond those funded by GCF has evolved in this direction during the implementation period of the approved project;"

[24] Independent Evaluation Unit (2018). *The Independent Evaluation of the Green Climate Fund's Readiness and Preparatory Support Program (RPSP)*, Green Climate Fund, South Korea

[25] "For the RPSP to serve as a **supporting tool for transformational change**, including building scale, diagnostic work needs to be more targeted to identify gaps, barriers, and opportunities; capacity building needs to be more transformational; learning and planning needs to be supported with suitable tools, and the private sector mobilized more effectively."

[26] Amerasinghe, N., Thwaites, J., Larsen, G., & Ballesteros, A. (2017). *The Future Of the Funds. Exploring the Architecture of Multilateral Climate Finance*, World Resources Institute, Washington DC.

"The GCF could focus on impact at scale by providing larger-scale, programmatic interventions and developing the institutional and policy frameworks necessary for longer-term mobilization of investments. To continue enhancing country ownership, the GCF should strengthen its readiness program and fund smaller interventions for national entities that need to build their capacities to handle larger amounts of funding. The fund could explore programmatic approaches for adaptation but leave adaptation projects of less than $10 million to the AF and coordinate with the LDCF to enhance efficiency in NAP funding and related implementation. The fund could also develop targeted criteria for allocations in its mitigation window, potentially carving out funding to focus on countries with large mitigation potential but significant barriers to financing that cannot be addressed through other funding sources."

[27] To achieve maximum impact, the GCF should build on its comparative advantages and operate in coherence with the existing climate finance institutions. These include its ability to:

- Programme and manage financing at scale
- Engage in partnerships with both public and private actors at various levels
- Take on risks that other funds/institutions are not able or willing to take, including risks associated with deploying innovative climate technologies
- Pilot and potentially scale-up and replicate innovative approaches
- Deploy the full range of financial instruments at its disposal
- Leverage additional financial inputs from innovative and alternative sources
- Leverage its status as an operating entity of the financial mechanism of the UNFCCC to set new standards with regard to country ownership, direct access and level of ambition impacting the global practice of climate finance beyond its immediate engagement.

31. An information document presented to the Board in light of the replenishment identifies some aspects of the GCF's (potential) unique role.[28] The report by the Secretariat claims that the GCF can invest in developing countries' ambitions, build long-term capacity, work through partnership approaches, has the risk appetite to support innovation, and is positioned to catalyse action at the frontier of climate action. However, as **these claims of GCF's unique role are not supported by evidence this Synthesis Study cannot endorse the veracity of these claims and recommends a thorough assessment be undertaken.**

32. Overall, the **comparative advantage of the GCF is not otherwise explicitly discussed in an evidence-based way or assessed in GCF documents.** While the mandate given to the GCF is unique among other multilateral climate funds, so is the nature of its function (Table 6). As the Governing Instrument of the GCF explicitly recognises, the Fund is expected to be a learning institution (although in the overall structure of the GCF there is no space devoted to this learning and there is no strategy for the GCF that lays out how this will be done). The GCF also has available a wide range of modalities, wide reach among countries, and potentially high convening power. It also has a growing portfolio of projects, programmes, and AEs. These unique comparative advantages offer a strong opportunity to deliver on the mandate of a paradigm shift towards low emissions and climate-resilient development.

Table 6 Multilateral climate funds by the numbers

Fund	Global Environment Facility -5 and 6	Least Developed Countries Fund	Special Climate Change Fund	Adaptation Fund	Clean Technology Fund	Forest Investment Program	Pilot Program for Climate Resilience	Scaling-Up Renewable Energy Program	Green Climate Fund
Founded	1991	2001	2001	2001	2008	2008	2008	2008	2010
Cumulative pledged funding (time period) b	$3.03bn (2010-18)	$1.19bn (2001-16)	$351m (2001-16)	$541m (2009-16)	$5.57bn (2008-16)	$768m (2008-16)	$1.19bn (2008-16)	$777m (2008-16)	10.3bn (2014-c.2018) C
Contributor Countries (with number of developing countries in parentheses)	39 (13)	25	15	14	9	8	9	11 (1)	43 (9)
Funding approved	$2.54bn	$1.04bn	$347m	$337m	$4.5bn	$315m	$950m	$197m	$1.48bn
Projects approved	379	231	76	52	91	22	60	21	35
Countries with projects approved	137	51	79	48	25	8	18	11	52
Data reported	Jun-16	Sep-16	Sep-16	Jun-16	Dec-15	Dec-15	Dec-15	Dec-15	Dec-15

Source: Amerasinghe, N.,et al *op cit.*

[28] GCF/B.22/Inf.12 Strategic Programming for the Green Climate Fund First Replenishment
"The GCF is the world's largest dedicated climate fund. The Green Climate Fund is unique: established as a dedicated multilateral fund for climate change and for developing countries, serving as an operating entity of the Financial Mechanism of the UNFCCC. Through funding projects, programmes, readiness and project preparation activities, the Fund invests in developing countries' ambitions for transformation, and helps build long-term capacity to integrate positive climate impact into planning and investment Decision-making. Working through a partnerships approach, with the risk appetite to support innovation, and instruments that allow it to span both public and private sectors, the Fund is positioned to catalyse action at the frontier of climate finance, and serve as a bridge between others operating in the climate finance landscape. The Fund's focus on adaptation, supporting the most vulnerable people, and direct access also make it uniquely positioned to contribute to essential climate action."

33. Based on this and the analysis below (Table 7), the WRI report recommends that climate funds improve coordination among themselves and with countries, harmonise standards and accreditation requirements, and support programmatic approaches and systemic shifts. Specifically, the report recommends that the GCF (along with Climate Investment Funds, CIFs) has the **significant potential to support programmatic approaches or targeted actions that can achieve systemic shifts in countries. The GCF can drive portfolio shifts in the broader financial system through its accreditation process**. In terms of specialisation, the report suggests that the GCF can: enhance impact by supporting large-scale interventions in a large number of countries; help countries develop institutional and policy frameworks; use its equity and risk mitigation instruments to take innovative approaches; reduce financial risks; mobilise private capital; continuing to fund smaller projects for country ownership and capacity; and develop more targeted criteria for mitigation window – *but leave small adaptation projects to the AF to avoid duplication*.

Table 7 IEU summary of comparative advantages of the GCF, as identified by Amersinghe et al. (2017)

Key Strategies for Transformative Change	Summary of GCF comparative advantages[29] compared to Global Environment Facility, Adaptation Fund, Climate Investment Funds, Least Developed Countries Fund, Special Climate Change Fund, Clean Technology Fund, Forest Investment Program, Pilot Program for Climate Resilience, Scaling-Up Renewable Energy Program[30]
Achieve impact at scale	
Capitalisation	The GCF is the largest multilateral climate fund.
Level of risk	Among the climate fund's reviewed in the document, only the CIFs and GCF can make contributions as loans or capital contributions.
Direct funding	Although small in the context of total climate finance, the GCF can fund large projects compared to other funds
Mobilising finance	The CTF and GCF have both achieved relatively high shares of private sector co-financing, around a third of their total. The GCF has placed a strong emphasis on private sector engagement. Having learned from the experience of other climate finance providers, the GCF was created with the flexibility to use a wide variety of financing instruments, including grants, concessional loans, equity, guarantees, and other modalities its board may approve.
Systemic shifts	
Direct support for systemic change	The GCF has the potential to take a more systemic approach to achieve impact at scale (and builds on the experience of other funds).
Catalysing shifts in partner institutions	Beyond MDBs, the GCF has the potential to begin conversations about shifting the portfolios of all the entities with which it engages to better align with climate goals.
Promote country ownership	
Coordination, planning, and stakeholder engagement	The GCF supports strengthening NDAs and developing country programs as ways to help countries plan and set priorities for the GCF's resources. (IEU note: Effectiveness not yet demonstrated).

[29] Summary of Amerasinghe, N., Thwaites, J., Larsen, G., & Ballesteros, A. (2017). *The Future of the Funds. Exploring the Architecture of Multilateral Climate Finance*, World Resources Institute, Washington DC.
[30] The report considers only multilateral sources of finance, but it is important to acknowledge other sources, including bilateral and private finance.

KEY STRATEGIES FOR TRANSFORMATIVE CHANGE	SUMMARY OF GCF COMPARATIVE ADVANTAGES[29] COMPARED TO GLOBAL ENVIRONMENT FACILITY, ADAPTATION FUND, CLIMATE INVESTMENT FUNDS, LEAST DEVELOPED COUNTRIES FUND, SPECIAL CLIMATE CHANGE FUND, CLEAN TECHNOLOGY FUND, FOREST INVESTMENT PROGRAM, PILOT PROGRAM FOR CLIMATE RESILIENCE, SCALING-UP RENEWABLE ENERGY PROGRAM[30]
National direct access to funds	The GCF has a "fit for purpose" accreditation process. (Along with the AF, the GCF is the only fund which prescribes national direct access to funds).
Readiness and capacity building	The GCF has a comprehensive readiness program that supports strengthening the NDA, accreditation of National Implementing Entities, country programming and pipeline development, and information sharing
Improve efficiency	
Transaction costs	The GCF has the highest administrative costs of any fund, over $1 million per project, though this is likely to fall as the fund expands its project portfolio.
Fees paid to implementing entities	The GCF has some potential to achieve similar efficiency through scale (take advantage of economies of scale with large projects).
Speed of delivery of funding	As of December 2016, the GCF had approved only 35 projects.Data on approval times were not available. This was viewed by the report as an area of improvement for the GCF.
Ease of access to funding	The GCF has been slow to disburse readiness funding because of delays in finalising readiness grant agreements. This was viewed by the report as an area of improvement for the GCF.
Number of implementing entities	Opinion is divided as to whether the use of more entities improves efficiency. There is no official limit to the number of implementing entities.
Support equitable allocation	
Country coverage	The GCF aims to allocate 50 percent of its adaptation funding to developing countries that are particularly vulnerable to the adverse effects of climate change, including LDCs, SIDS, and African states.
Thematic coverage	The GCF has the potential to program across nearly all thematic areas, including mitigation, adaptation, cross-cutting. (One option would be for the GCF to take over the work of the AF and the Least Developed Countries Fund in funding smaller interventions. Alternatively, the GCF could focus on scaling up smaller interventions and supporting programmatic approaches.)[31]
Increase accountability	
Fulfilling mandates	Because it only recently became operational and has not yet undergone an independent evaluation, the GCF has a limited track record on which to assess its operationalisation of COP guidance.
Transparency and participation	The GCF has civil society and private sector representatives as observers to the Board; however, CSOs have consistently raised concerns over having only two individuals represent the diversity of geographies and constituencies (across developed and developing countries) within civil society.
Fiduciary standards and safeguards	All the funds have standards relating to fiduciary management, environmental and social safeguards, and gender considerations.
Grievance mechanisms	The GCF is the only institution reviewed by the WRI that has established a formal fund-level mechanism, though it recognises that the grievance mechanisms of accredited entities should be the primary venue for raising concerns.

34. At the same time, the GCF Governing Instrument provides for the GCF to "operate in the context of appropriate arrangements between itself and other existing funds under the Convention, and between itself and other funds, entities, and channels of climate change financing outside the Fund." The Board adopted an operational framework on complementarity and coherence in Decision B.17/04. This framework is built on four pillars:

– Pillar I: board-level discussions on fund-to-fund arrangements;

[31] *Technology*. The GEF, SCCF, CTF, and SREP include technology as a focus, and the GCF has a mandate to support technology development and transfer.

- Pillar II: enhanced complementarity at the activity level;
- Pillar III: promotion of coherence at the national programming level; and
- Pillar IV: complementarity at the level of delivery of climate finance through an established dialogue.

35. In the assessment for this study, the framework provides clear guidance, with time-bound outcomes for pillars and various levels. An annual update was presented to the Board through document GCF/B.20/05. T**his guidance is not sufficient to fully operationalise complementarity directed towards a paradigm shift.**[32] For instance, various opportunities are recognised in the annual update including for programming, yet the annual update report recognises the limited authority of Secretariats, and the need for more governance level inputs. Further, as stated in the sixth review of the Financial Mechanism undertaken by the Standing Committee on Finance of the UNFCCC (hereafter, SCF Review)**, developing countries continue to experience challenges in accessing funds from diverse entities.**[33]

Key lessons and *emerging* areas of recommendations

36. *Business* m*odel:* The GCF through its business model is expected to promote a paradigm shift. However, this Synthesis Study found no evidence if the business model is fit for purpose for developing and supporting a pipeline of investments that will contribute to a paradigm shift. The GCF business model is supply-driven and contingent upon the projects brought to the GCF by AEs and implemented by AEs. Currently, there is no assessment of the AEs and the alignment of their own pipelines with the priorities of the GCF including especially with respect to their disposition and capacity for contributing to a paradigm shift for low emissions, high resilience development pathways. Furthermore, the main vehicle for potential contributions by the GCF to a paradigm shift remains approved Funding Proposals. It is unclear at this stage whether these are sufficient vehicles for catalysing or contributing to a paradigm shift in climate change. Lastly, policy processes are largely ignored as a potential area where systemic change may be especially targetted, for a paradigm shift.
37. *ISP:* The ISP identifies a paradigm shift in its vision statements, it does not identify a paradigm shift in the Action Plan and is insufficient to create a paradigm shift. Currently, the ISP does not provide

[32] Amersinghe et al.*op cit* (2017) provide an example where complementarity among various funds could be extremely beneficial. The authors write: "a significant challenge in the current global system is the multiplicity of rules and procedures involved in accessing finance across different funds. Different rules require adherence to different fiduciary standards, environmental and social safeguards, and gender policies. The various funds require different types of information to accredit entities, and they have different requirements for proposal approvals. All this results in considerable inefficiencies for recipient countries and implementing entities, making access particularly challenging for national entities with less capacity. For instance, it is harder for implementing entities to design systems that respond to multiple sets of rules and for in-country stakeholders to plan for and monitor activities with different rules attached to them.
One option is to harmonize standards and procedures across the climate funds. Funds could agree on a consistent set of fiduciary standards, environmental and social safeguards, and gender policies that apply across all funds, taking into account the fit-for-purpose approach pioneered by the GCF. Any harmonization would need to reflect international best practices and build on the strongest policies that funds currently have in place. Policies relating to Indigenous Peoples, for example, should build on progress made in the AF, FIP, and GEF in terms of Indigenous Peoples' rights, engagements, and access. Harmonization would make it easier for entities to design environmental and social management systems,
monitoring systems, and grievance processes and to report to funds on compliance with standards."

[33] SCF/TP/2017/1 Technical paper on the sixth review of the Financial Mechanism states: "the global governance architecture, including the climate finance architecture is, at times, experienced by many as fragmented and inefficient. Countries often find it difficult to understand the requirements of the Funds and the differences between them, and to meet the access requirements established. However, the case of the LDCF shows that once access modalities are well established, the demand for finance considerably increases over time. It is thus congenial to continue to provide finance through proven access modalities and Funds in order to meet the special needs and circumstances of LDCs."

sufficient guidance to AEs regarding a paradigm shift.

38. *Processes and structure of the secretariat*: Guidance available in the GCF on paradigm shift is circular, and not complete. Firstly, a paradigm shift is both a principle and an outcome in the GCF. Secondly, the current guidance does not account for some of the important dimensions of a paradigm shift, including: innovation, depth of change, and 'last mile' considerations such as behaviour change. It is unclear if the structure and processes of the GCF Secretariat are currently sufficient for delivering a paradigm shift where the investment vehicles are primarily funded projects developed and proposed by AEs. Although current and previous documents produced by the GCF have been ambitious and have referred to comparative advantages of the GCF, there is an inconsistency between these directions espoused on paper and the actions taken by the GCF. Future programming should focus on reducing this inconsistency and gap and being coherent especially in terms of plans, structures, guidance and processes.
39. *Paradigm shift/scale/change/innovation:* Examining the evidence presented by the investments undertaken so far by the GCF mainly in the form of funded projects, the Synthesis Study finds that there is very little evidence of how GCF contributes to different attributes of paradigm shift, such as to scale of change, depth of change, permanence of change, systems and behavior change (including contributions to policy) as well as the likelihood that the GCF will contribute to disruptive change.
40. It is further important to ask whether the GCF structures in general, and the business model in particular, are fit for purpose for the GCF contributing to a paradigm shift in climate change areas. This review points to assumptions in the business model (that AEs would bring forth projects that contribute to paradigm shift), which require further evidence.
41. The GCF needs to provide larger-scale, programmatic interventions in a large number of countries for impact at scale. GCF could help countries develop the institutional and policy frameworks necessary for long-term mobilization of additional investments. The Standing Committee on Finance 2018 Biennial Assessment and Overview of Climate Finance Flows Technical Report[34] finds that overall multilateral climate finance flows in 2015-2016 continue to be a small sliver of the needs, and concentrated in mitigation, use grants as the key instrument, and focus on Asia as the principal recipient region (also true for the GCF, please refer to the chapter on measurement and reporting). The GCF could start to reverse some of these trends. direct itself to ensure a paradigm shift.
42. *Likely impact:* A number of GCF documents find that funding proposals received by the GCF are not yet transformational because guidance on paradigm shift is not sufficient, and the potential of proposals depends upon the ambition of AEs. We conclude that the measurement of paradigm shift potential in projects is currently not credible. In more recent documents the Secretariat specifies the need to focus on leveraging additional finance.
43. *Country needs* and *ownership:* It is premature to judge this aspect of the GCF's operations for now. The Secretariat's strategic programming document refers to building an enabling environment at the country level. This has some potential for meeting the policy change requirements for systemic

[34] According to the UNFCCC Standing Committee on Finance 2018 Biennial Assessment and Overview of Climate Finance Flows Technical Report
"On a comparable basis, climate finance flows increased by 17 per cent in the period 2015–2016 compared with the period 2013–2014. High-bound climate finance estimates increased from USD 584 billion in 2014 to USD 680 billion in 2015 and to USD 681 billion in 2016 (see figure 1). The growth seen in 2015 was largely driven by high levels of newprivate investment in renewable energy, which is the largest segment of the global total.
Total amounts channelled through UNFCCC funds and multilateral climate funds in 2015 and 2016 were USD 1.4 billion and USD 2.4 billion, respectively. The significant increase from 2015 to 2016 was a result of the Green Climate Fund (GCF) ramping up operations. On the whole, this represents a decrease of approximately 13 per cent compared with the 2013–2014 biennium and can be accounted for by a reduction in the commitments made by the Climate Investment Funds, in line with changes in the climate finance landscape as the GCF only started to scale up operations in 2016."

change but given the current investment vehicles that the GCF has, details need to be specified.[35]

44. *Climate rationale/ambition:* GCF's comparative advantages in promoting a paradigm shift in climate change are not yet clearly articulated, assessed, or verified. It is expected the GCF will *programme and manage finance at scale, take on risks, enable pilots, and leverage its status as an operating entity of the financial mechanism of the UNFCCC to promote systemic shifts in countries*. We recommend a more thorough assessment of comparative advantages of the GCF and its AEs, including the operationalisation of complementarity with other climate funds.
45. *Normative standards:*. To actively promote a paradigm shift, GCF clearly requires a more clear vision of paradigm shift. The GCF may also have to consider the constituents of a paradigm shift and how it would measure progress made towards fulfilling its objectives.
46. Achieving a paradigm shift is a primary mandate of the GCF, and yet a precise measurement of a paradigm shift does not exist. Nevertheless, should we parse the term into its necessary (but insufficient) attributes such as contributions to scale of change; depth of change, permanence of change; systems and behaviour change (including contributions to policy); as well as the likelihood that the GCF will contribute to disruptive change, we find little evidence of these contributions at this point. This is not unexpected. On the other hand, we also find that the Fund will probably be unable to demonstrate these contributions should it continue on its current pathway. Given the primacy of a paradigm shift in the GCF's mandate, the GCF may have to specifically articulate its understanding of the pathways to achieving a paradigm shift, and how achieving it may be possible. Drawing from this understanding, it is **important that the GCF develop and communicate clear guidance on paradigm shift to AEs and to GCF partners more broadly**. An IEU review suggests that to develop the guidance, the GCF may consider the following: examine existing evidence, set up impact measurement systems, invest in implementation research, build buy-in, and replicate.

V. Progress against the Initial Strategic Plan

47. The GCF Board endorsed the ISP during its 12th meeting in March 2016[36], "to guide the Board in addressing policy gaps and programming the Fund's resources of the Initial Resource Mobilization (IRM) period between 2015 and 2018 and to invest the Fund's resources in transformational climate actions in a country-driven manner".
48. The Strategic Plan states that, as an operating entity of the financial mechanism of the UNFCCC and of the Paris Agreement, and the largest multilateral climate fund, the GCF will promote a paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.
49. The Board articulated that the ISP is a living document, which includes a two-part long-term Strategic Vision for the GCF:
    a) "Promoting the paradigm shift towards low-emission and climate-resilient development pathways;
    b) Supporting the implementation of the Paris Agreement within the evolving climate finance

[35] The 2019 Programming document tabled by the Secretariat notes that three overarching objectives can help guide the GCF: develop value chains for systemic change, help countries strengthen the enabling environment, and leverage impact by mobilising partnerships and crowding in capital from climate finance providers for scale. It remains to be seen if the current business model is fit for purpose for delivering these and this Synthesis advocates an assessment of the resource and structural requirements for espousing these objectives.
[36] Decision B.12/20/Annex I: Initial Strategic Plan for the GCF

landscape."

50. Further, the following *core operational priorities* are identified particularly for the IRM period:
    a) *allowing* the GCF to *scale up* its investments in developing countries with the objective of tapping its full potential to promote *urgent and ambitious* actions enhancing climate change adaptation and mitigation in the context of sustainable development (italics added);
    b) *maximising its impact by supporting projects and programmes that are scalable, replicable* and employ GCF resources in the most *efficient* manner by, among other things, catalysing climate finance at the international and national level, including by *maximising private sector engagement* (italics added);
    c) setting out the approach of the GCF to programming and investing the full amount pledged for the 2015-2018 programming period, while striving to maximise the impact of its funding for adaptation and mitigation, and to seek a balance between the two;
    d) ensuring that the *GCF is responsive to developing countries' needs and priorities* including by *enhancing country programming* and *direct access* e.g. through *enhanced support for accreditation of National Implementing Entities (NIEs), ensuring fast disbursement, implementing a gender-sensitive approach, supporting multi-stakeholder engagement, ensuring the effective use of funds and enhancing transparency*;
    e) proactively *communicating* the GCF's ambition in terms of both scale and impact as well as its operational modalities with a view to enhancing predictability and facilitating access.
51. The ISP further includes an Action Plan, which is organised in five strategic measures:
    a) Prioritising pipeline development
    b) Strengthening the Fund's proactive and strategic approach to programming
    c) Enhancing accessibility and predictability;
    d) Maximising the engagement of the private sector; and
    e) Building adequate institutional capabilities.

    Each strategic measure identifies specific actions to guide the GCF for the IRM.
52. At its twenty-first meeting and in Decision B.21/18, the Board initiated the GCF first formal replenishment and requested the Secretariat to prepare a comprehensive report on the implementation of the ISP for consideration by the Board and the replenishment process. A 'Report on the implementation of the ISP of the GCF: 2015–2018' was tabled at the twenty-second meeting of the Board.[37] This chapter considers the report of the Secretariat specifically and critically examines the documented evidence so far.

Measuring progress against the Strategic Plan

53. This critical assessment of the Strategic Plan finds that **many of the priorities articulated are strategic and aspirational, and do not set specific targets**. For instance, to ensure the pipeline meets the transformational ambition of the GCF, the Strategic Plan identifies several measures, including: proactively *engaging in high-level consultations* with NDAs/FPs and AEs to identify priorities and programmes that meet the Fund's investment criteria, *making use of simplified RFPs*, and developing *replicable approaches/products that can be rapidly rolled out*. However, the Strategic Plan or the Action Plan do not specify targets or outcomes from any of these areas, nor are such outcomes identified in more detailed downstream documents. Except for pipeline development, the Action Plan within the Strategic Plan **does not lay out any quantitative or measurable targets**

[37] GCF/B.22/Inf.13

to be achieved in the IRM.[38] As acknowledged in the GCF report on the Strategic Plan, “priorities set out in the Strategic Plan are either quite high-level desired outcomes or quite detailed process-oriented actions.” **This creates a challenge for the measurement of progress against the Strategic Plan.** If the overall goals of the GCF are to be **scaling up impact and shifting finance** towards climate change, while delivering with **efficiency**, it is unclear in its documents how the GCF is meeting these goals.

54. **Overall, the ISP does not** have the attributes **of a strategic plan**. A strategic plan should have a vision, a mission statement, core values, clearly defined outcomes, clarification of how accountability is established and Key Performance Indicators (KPIs). In a seminal paper, Porter’s definition of strategy has three key ideas: position, trade-offs, and fit. In his article, Porter states: “Strategy is the creation of a unique and valuable position, involving a different set of activities… “it is making trade-offs in competing… and “it is creating fit among … activities.”[39] Hambrick and Fredrickson (2005)[40] identify the following areas as essential for a strategy:
   - Arenas: where will we be active?
   - Vehicles: how will we get there?
   - Differentiators: how will we win in the marketplace?
   - Staging: what will be our speed and sequence of moves?
   - Economic logic: how will we obtain our returns?

55. According to a review by Islam (2018)[41], strategy maps are known to have the following features: a strategy or mission statement, key focus areas, strategic objectives, timeline dimensions, directional arrows, and performance markers. The GCF’s ISP is based on a vision of the GCF Board (the Board’s Vision), and includes operational priorities and an Action Plan. Yet, this review finds a gap between the Board’s Vision and the activities identified in the Action Plan. **Specifically, activities in the Action Plan contribute insufficiently to the Board’s Vision in the assessment made by this study.** For instance, to maximise engagement of the private sector, the ISP identifies two actions: analysis of barriers/development of private sector outreach plan, and consideration of the recommendations made by the PSAG. From a critical perspective, these two actions are not sufficient to maximise engagement with the private sector. T**he ISP does not identify strategic objectives, timelines, direction, or performance markers.**

56. This points to the challenge in the GCF’s programming where there are **few portfolio level targets** established for stated priorities. Except for the balance between adaptation and mitigation, targets are generally absent in the GCF’s programming (

[38] The measures identified in the Strategic Plan include: a) prioritizing pipeline development, b) strengthening the Fund’s proactive and strategic approach to programming, c) enhancing accessibility and predictability, d) maximizing the engagement of the private sector, and e) building adequate institutional capacities.
[39] Porter, M. E. (1996) What is a Strategy? Harvard Business Review 74, no. 6: 61–78.
[40] Hambrick, D. C., & Fredrickson, J. W. (2005). Are you sure you have a strategy? *Academy of Management Perspectives*, *19*(4), 51-62.
[41] Islam, S. (2018) "A practitioner’s guide to the design of strategy map frameworks", Pacific Accounting Review, Vol. 30 Issue: 3, pp.334-351, *https://doi.org/10.1108/PAR-05-2017-0038*

58. Table 8). Indeed the Fund's "operational and action priorities have not generally been sufficiently concrete or output/outcome focused to actively shape the Board's policy or programming agenda on an ongoing basis".[42]

[42] The report on the Strategic Plan

Table 8 Critical assessment of GCF targets as stated in the Governing Instrument

Priorities and mandates of the GCF	Established measurement and targets	Critical assessment of established targets
Balance between adaptation and mitigation (Governing Instrument, paragraph 3)	50/:50 (over time) according to portfolio target[43] (Decision B.06/06)[44]	**More clarity needed related to cross-cutting projects** and how funds are allocated to result areas, within them. In the absence of targets, there is a risk of over-allocation.
Enhance direct access (Governing Instrument, paragraph 47)	Priorities are identified through Decision B.21/16. But this applies only to those that have applied for accreditation and does not set targets for the accreditation portfolio. (Please see section on Accreditation).	**Currently, no targets are clarified with respect to direct access** (except priority among those that have applied for accreditation). For instance, it may be possible to measure direct access on the following criteria: • Number or types of DAEs per country; • Portion of portfolio set aside for DAEs; • Number or size of projects carried out by DAEs;
Take into account the needs of developing countries, including LDCs, SIDs and African states "using minimum allocation floors for these countries as appropriate" (Governing Instrument, paragraph 52)	Floor of 50 percent of adaption allocation (Decision B.06/06)	**Currently, resource allocation only addresses adaptation projects and does not cover various modalities**, and GCF programmes (including RPSP). It is possible to clarify: • Portion of portfolio for LDCs, SIDs and African states under different modalities[45]. However, this is not verifiable because 33 percent of the budgetary allocation is devoted to cross-cutting projects[46] and there are no existing rules for how budgets will be allocated between adaptation and mitigation, among cross-cutting projects. • Number or size of projects for vulnerable countries. • Possibly a potential resource allocation framework?
Appropriate geographical balance (Governing Instrument, paragraph 52)	Portfolio target: "Reasonable and fair allocation across a broad range of countries" (Decision B.06/06)	The GCF is required to establish a balanced portfolio**, but indicators of such balance are not clear.** For instance, balance could be measured in the following ways: • Portion of portfolio (in USD) allocated to

[43] According to GCF data (https://www.greenclimate.fund/what-we-do/portfolio-dashboard) accessed on March 7, 2019, the GCF portfolio is distributed as follows: mitigation 44%, cross-cutting 33%, and adaptation 23%.
[44] Decision B.06/06: Adoption of initial parameters and guidelines for allocation of resources
The Board, having reviewed document GCF/B.06/05 Policies and Procedures for the Initial Allocation of Fund Resources,
(a) Adopts the following initial parameters and guidelines for allocation of resources, during the initial phase of the Fund:
(i) Decision to aim for a 50:50 balance between mitigation and adaptation over time;
(ii) Decision to aim for a floor of fifty per cent of the adaptation allocation for particularly vulnerable countries, including Least Developed Countries (LDCs), Small Island Developing States (SIDS) and African states;
(iii) Decision to manage access to resources with a view to seeking geographic balance and a reasonable and fair allocation across a broad range of countries, while maximizing the scale and transformational impact of the mitigation and adaptation activities of the Fund;
(iv) Decision to *maximize engagement* with the private sector, including through a significant allocation to the Private Sector Facility;
(v) Decision that sufficient resources should be provided for readiness and preparatory support;
(vi) Decision that all allocation parameters should be determined in grant equivalents;
(b) Requests the Secretariat to report annually on the status of resources in respect of the allocation parameters;
(c) Decides to undertake a review of the initial allocation parameters and guidelines, including of concentration risks, subject to the size of the Fund, no later than two years from the start of allocation of resources.
[45] According to the report on the Strategic Plan, 70% of adaptation funding is allocated to projects in LDCs, SIDS and African states.
[46] Status as of 11 Mar 2019, accessed from: https://www.greenclimate.fund/what-we-do/portfolio-dashboard

PRIORITIES AND MANDATES OF THE GCF	ESTABLISHED MEASUREMENT AND TARGETS	CRITICAL ASSESSMENT OF ESTABLISHED TARGETS
		different types of countries • Number or size of projects (say among micro, small, medium and large-sized GCF investments) • Minimum allocation floors
Participation of private sector actors (Governing Instrument, paragraph 43)	Portfolio target: "Maximize engagement with the private sector, including through a significant allocation to the Private Sector Facility" (Decision B.06/06)	Currently, **a measurable target is not established in the portfolio**. Such a target could be measured in the following ways: • Level of co-finance sought • Number of private sector DAEs • Number or size of projects undertaken by private sector actors • **Target for private sector financing** provided by the Fund.
Promote a paradigm shift (Governing Instrument, paragraph 2)	No measurement	**Specific definitions or measure**ment **of paradigm shift** is not considered.
Be guided by efficiency and effectiveness (Governing Instrument, paragraph 3)	No targets for the time taken to review projects, accreditation, or other processes	Although efficiency and effectiveness are mandated by the Governing Instrument, currently no targets are established for GCF procedures. There is no **unified way to measure this for the Fund's portfolio either**. It should be possible to: • Establish standard review time. • Establish turn around times for disbursements. • Have publicly announced and publicly available data on stage of review of FPs. • Have metrics associated with efficiency and effectiveness, that are reported on regularly to the Board.
Channel new, additional, adequate, and predictable financial resources (Governing Instrument, paragraph 3)	No targets for annual portfolio No formal mechanism for replenishment has been set up. The Secretariat is also currently understaffed to deal with replenishment	The Governing Instrument provides that the GCF will channel predictable financial resources, yet the processes for leveraging these additional and predictable amounts is not spelled out. It is also not clear whether the Secretariat has the capacity currently to operationalise these processes in its operational structure. Additionally it should be possible to identify: • Annual allocation and disbursement targets • Targets for access modalities • Replenishment targets

59. It is outside of the scope of this review to propose specific targets, and whether it is desirable or practical to set prescriptive targets for all of the above priorities, or whether the business model supports such targets. **However, in the assessment made by this Synthesis Study, there is a need to clarify whether these priorities are merely aspirational, or if these are specific priorities to guide allocation of resources by the Fund.** It may not be necessary to establish specific targets, but ranges may be established.

60. **Currently, progress against priorities cannot be adequately or credibly measured. In the absence of portfolio-level targets, currently the GCF is not able to measure its efficiency, as mandated in the Governing Instrument**. This was also underscored by the IEU's Independent RMF Review. Additionally, the IEU RPSP Evaluation finds that median review time for readiness

has reduced significantly but is still long. This reduction also masks significant regional disparities (please refer chapter on accreditation). Establishing clear targets will help measure the efficiency of processes and support the Fund in fulfilling its mandate. Indeed, it is likely an exercise that seeks specific targets for aspirational objectives will clarify if the aspirations are complementary or contradictory.

Critical assessment of progress

61. A 'Report on the implementation of the ISP of the GCF: 2015–2018' was tabled at the twenty-second meeting of the Board and reviews the GCF's performance against the Strategic Plan.[47] In its key findings, the report finds it too soon to draw conclusions about the effectiveness of the GCF against long-term goals. The IEU's Working paper 2, that predicated the IEU's Independent RMF Review, brought out some critical elements that inform the likely impact of investments that the GCF is making. It points out that **there are key attributes of investments by the GCF that highlight the low likelihood of being able to identify or measure the impact of GCF investments**:
   - 80 percent of funded proposals do not have theories of change that are well defined.
   - Half of the projects do not identify unintended consequences of projects.
   - Only one-fourth refer to any economic analyses that they may carry out to understand whether they are using the best possible means to deliver their objectives.
   - 68 percent of funded proposals will not be able to inform whether changes that they will take credit for will occur because of the investments, or would have occurred anyway.
   - More than 90 percent will dramatically overstate their results and only 15 percent will allow measurement that is credible enough for them to inform progress on investment criteria.
62. Other salient claims in the report[48] include: Over its four-year IRM, the GCF has started to set in place the institutional capabilities, and processes and initial investments that will support this vision in the long-term. As more knowledge is generated on transformational impact, the report concludes that the GCF has the potential to be a leader in these knowledge areas. The report further lists the substantial efforts to build country ownership, enhancing strategic programming and direct access, and prioritising pipeline development. However, **these claims are not substantiated through evidence which this Synthesis recommends. It specifically recommends that there be a review of the capacity of agencies that are an integral part of the GCF's business model, to further inform these claims in an evidence-based manner**. An absence of such evidence and data is a potential reputational risk for the GCF and also has the potential to impact its subsequent replenishments.
63. The report identifies that the ISP emphasises `maximising impact`, but this is not fully defined or operationalised by the GCF or the ISP. The report recognises the many limitations in the achievement of this vision, including **the need to establish priorities, policies, and further guidance on what projects the GCF will fund**. This is important and also reiterated by this Synthesis Study (please see the chapter on 'Policies'). Further, the report concludes that more work remains to be done concerning the private sector, and framing "operational priorities and action items that are concrete enough to operationalise the GCF high-level vision through setting "intermediate goals" that will steer detailed annual work planning over a multi-year period."

This review further finds that there is a large set of aims and ambitions that the GCF espouses. These are listed for examples in the 'Initial Strategic Priorities', the 'Operational Priorities', the 'Action Plan' and the 'Strategic Vision' (see for example

[47] GCF/B.22/INF.13
[48] Report on the implementation of the initial Strategic Plan of the GCF: 2015–2018

64. Table 9 below) but without there being a rudder that chooses one over the other, it is hard to see how this is not just a large set of potential priorities. Unfortunately neither the ISP nor the Action Plan provide this steering mechanism.

Table 9 Aims and ambitions articulated within the GCF

<	Area	Governing Instrument	ISP			Investment criteria
			Strategic vision	Operational Priorities	Action Plan	
1	Support the implementation of Paris Agreement	Yes	Yes			
2	Balance between adaptation and mitigation	Yes		Yes		
3	Enhance DA	Yes		Yes	Yes	
4	Developing country needs	Yes		Yes	Yes	
5	Geographical balance	Yes				
6	Participation of private sector	Yes		Yes	Yes	
7	Promote paradigm shift	Yes	Yes			Yes
8	Be guided by efficiency and effectiveness	Yes		Yes		Yes
9	New and additional and adequate and predictable finance is channeled	Yes				
10	Scale up investments			Yes	Yes	Yes
11	Reference to helping sustainable development	Yes	Yes	Yes		
12	Maximise impact	Yes		Yes		Yes
13	Be gender sensitive	Yes				
14	Be transparent	Yes		Yes	Yes	
15	Communicate GCF's ambition			Yes		
16	Prioritise pipeline development				Yes	
17	Strengthen programming				Yes	
18	Build institutional capacities				Yes	
19	Technology development and transfer	Yes				

65. The Report on the implementation of the ISP of the GCF: 2015–2018[49] further states that paradigm shift is a long-term vision, and therefore "it is still too soon to conclude how effective the GCF has been in delivering results against these long-term goals." This reporting contrasts the urgency expressed elsewhere for action, by the GCF. For instance, while establishing a strategy for the replenishment, the GCF cites the IPCC's special report on impacts of global warming of 1.5 degrees, which reinforces the scale and urgency of the impacts of climate change. Using this evidence, the strategic programming for the replenishment states that "the next 15 years are critical to accelerating investments toward this goal".[50] While the sense of urgency and commitment to a paradigm shift is

[49] GCF/B.22/Inf.13
[50] GCF/B.22/INF.12 Strategic Programming for the Green Climate Fund First Replenishment. The report states: "The science is clear: urgent transition is needed now, and acceleration requires investment Science shows that the opportunity and need for the GCF to deliver impact are enormous. The IPCC's special report on impacts of global warming of 1.5 degrees delivers a clear message: climate change impacts are being felt more rapidly than expected, and a lower temperature guardrail will have greater

expressed in strategic statements, **the same sense of urgency is not evident in guidance and reporting progress against the Strategic Plan**. Indeed, the Board submissions related to the review of the Strategic Plan lay particular emphasis on the urgency of climate change.[51]

66. Secondly, related to the above, this critical appraisal finds that the report on the implementation of the ISP[52] is lenient on several measures. The report concedes that part of the challenge results from the **limited specificity of the Strategic Plan** itself. The report states: "A final reflection on the **use of the Strategic Plan** is that, while it has set a broad framing for GCF activities for 2015–2018, its *operational and action priorities have not generally been sufficiently concrete, or output/outcomes focused* in a manner that would facilitate the active shaping of the Board's policy or programming agenda on an ongoing basis". Because of this limitation, the **Strategic Plan document generally does not report on the outcomes or results, but only on the activities and inputs**.

67. For instance, *while describing the efforts made to generate transformation, the report on the implementation of the ISP documents the activities undertaken through* the *RPSP, with the implied claim that* the *RPSP is helping drive institutional transformation*. In this regard, the report provides evidence that DAEs have succeeded in building multi-project portfolios.[53] However, the RPSP evaluation demonstrates **that accreditation remains one of the weak areas of the RPSP so that attributing this change to the RPSP is not credible**. Indeed linking the RPSP with other bilateral donors and **establishing the RPSP's clear niche**, especially given the proliferation of bilateral support in this space, is important. This was also recognised and underscored by the IEU's RPSP evaluation.

68. The GCF recognizes the importance of leveraging impact. This is reflected in the overall goal or

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global benefit, particularly for the most vulnerable. The greatest impacts of climate change are likely to be felt by communities dependent on agricultural and coastal livelihoods, indigenous people, children and the elderly, and urban dwellers with limited income, as well as populations and ecosystems in the Arctic and Small Island Developing States (IPCC, 2018). The report states that the required rapid and far-reaching transition toward a low-emissions, climate-resilient global economy will need to be enabled by increased mitigation and adaptation investments, policy, accelerated technological innovation and behaviour change. The next 15 years are critical to accelerating investments toward this goal. A 1.5 °C pathway would see emissions reach net zero by 2050, implying rapid and comprehensive transitions in all sectors, including substantial decarbonization of primary energy, rapid increase in electrification of energy end use, robust demand-side interventions, and essential action in the land use sector. While the scale of the required transition is unprecedented, the speed is not: a wider systemic transformation requires acceleration of changes which are already in train in a number of sectors, through an upscaling of climate investments backed by adequate enabling environments and policies."

[51] GCF/B.22/17 Synthesis of Board submissions on the update of the Strategic Plan of the Green Climate Fund
GCF/B.22/17/ADD.01 Synthesis of Board submissions for the review of the Strategic Plan of the Green Climate Fund – Addendum I: Compilation of Board Submissions
The submission by the Board members (synthesised and presented at B.22) highlight, among other things, the need to update the Strategic Plan based on:

(i) The nature, scale and time frames of "the urgency and the seriousness of climate change" and the "global efforts towards attaining the goals set by the international community to combat climate change", as contained in paragraph 1 of the Governing Instrument;
(ii) The nature, scale and time frames of "low-emission and climate-resilient development pathways", the "paradigm shift" towards such pathways, the related "context of sustainable development" and the "needs of those developing countries particularly vulnerable to the adverse effects of climate change", as stipulated in paragraph 2 of the Governing Instrument;
(iii) The nature, scale and urgency of increased adaptation and mitigation investments;
(iv) The urgency for ambitious and transformational mitigation and adaptation actions and for increased adaptation and mitigation investments, as mandated in paragraphs 2 and 3 of the Governing Instrument;
(v) The urgency for **enhanced international cooperation** as a critical enabler for developing countries and vulnerable regions to strengthen their action for the implementation of climate responses consistent with the 1.5 °C goal, including through **enhancing access to finance and technology and enhancing domestic capacities,** taking into account national and local circumstances and needs; and
(vi) The urgency to rapidly **shift financial flows** towards development pathways consistent with the Paris Agreement.

The urgency is further emphasised in the SIDS inputs in the same document to the update of the Initial Strategic Plan for the GCF.

[52] GCF/B.22/Inf.13

[53] The report states in paragraph 62: "A number of direct access entities have succeeded in building multi-project portfolios with GCF, enabling them to serve as key channels aggregating international and national sources of finance towards countries' climate priorities". However, the report does not identify such entities, nor clarify how this success can be attributed to the GCF.

complementarity and coherence for instance. **This Synthesis Study finds that there is inadequate documented evidence on how accredited entities work to leverage impact with other agencies**.[54] Additionally, in other programming, the IEU finds that **while the RPSP has helped identify and nominate potential DAEs, it has not resulted in accreditation in and of itself**. Any claims otherwise do not have sufficient evidentiary support. In another instance, the report on the implementation of the ISP states that Entity Work Programmes are requested by the Action Plan, but progress on this is not reported. Likewise, many other claims of the report are not sufficient or credible (

69. Table 10).

Table 10   Critical assessment of stated progress against ISP, operational priorities and action plan

SUMMARY OF PROGRESS AGAINST THE ISP: OPERATIONAL PRIORITIES AND ACTION PLAN (GCF SECRETARIAT DOCUMENTATION)[55]				CRITICAL ASSESSMENT OF REPORTED PROGRESS (IEU)	
Strategic vision Promoting paradigm-shift & Supporting implementation of the Paris Agreement	Operational priorities	Action plan	Progress on action plan (GCF Secretariat documentation)	Critical assessment	Basis for ritical assessment
	Scaling up investments – GCF has developed an initial portfolio of mitigation and adaptation investments responding to developing country needs	Prioritising pipeline developme nt	Aspirational goal to commit USD 2.5 billion in 2016 and trigger replenishment – *USD 2.5 billion delivered by 2017 and replenishment triggered*	Low credibility	Delay in disbursement (replenishment is triggered in 2018, against a targeted 2016) is not recognised.
			Enhance readiness based on an understanding of needs/bottlenecks and speed up disbursements – *Readiness reaching over 200 countries, evaluation completed, improvement ongoing*	Low sufficiency and too early to tell with the new strategy	Does not recognise the "transformational ambition" behind readiness, as stated in the Strategic Plan.
			Focus strategy to support countries with programming, including standard templates – *Standard template and 18 country programmes delivered, support ongoing*	Low sufficiency, and low credibility of effectiveness.	Eighteen country programmes is not regarded as sufficient[56]
			Facilitate structured dialogues and high-level national dialogues – *Structured dialogues and events facilitated*	Replicable, but low reliability and sufficiency to inform operational priorities.	RPSP Evaluation found Structured Dialogues to be effective, but the report does not provide evidence to measure success
			Allocate sufficient resources for readiness – *USD 190 million*	Low sufficiency. Unclear how	This target does not account for the ambition of the

[54] Sixth review of the Financial Mechanism SCF/TP/2017/1 states "The increasing complexity of the global climate finance architecture, while in principle creating more choice for recipient countries, could create complications as countries often find it difficult to understand the requirements of the different funds and the differences between them."
[55] Verbatim GCF/B.22/Inf.13. The colours represent those used in the original report.
[56] Eighteen country programmes are reported in the report on the Strategic Plan GCF/B.22/Inf.13, as well as Strategic Programming for the Green Climate Fund First Replenishment GCF/B.22/Inf.12.

SUMMARY OF PROGRESS AGAINST THE ISP: OPERATIONAL PRIORITIES AND ACTION PLAN (GCF SECRETARIAT DOCUMENTATION)[55]				CRITICAL ASSESSMENT OF REPORTED PROGRESS (IEU)	
			allocated on an ad hoc basis	Readiness is meeting needs laid out in NDCs/country programmes. This could mean that the resources are insufficient.	readiness, as envisaged in the Strategic Plan
			Co-finance projects and programmes together with the Global Environment Facility, the Adaptation Fund or multilateral development banks – *Number of projects co-financed with opportunity for more deliberate cooperation*	Low sufficiency and credibility for informing the operational priority.	Number of co-financed projects is not reported and there are no plans in templates to report this.
			Make increased use of requests for proposal (RFPs) for innovative approaches – *RFP deployed with mixed results*	Reporting shows low effectiveness of efforts.	RFPs have not had success in allocation (only 4 projects and 70 million approved against a target of 1.3 billion in total).Also seeTable 19.
	Programming and investing the full amount pledged for 2015–2018 – pledged amount will be fully programmed in 2019		Develop replicable approaches and potentially standardised products – *Not delivered*	The report states that this target is not delivered.	Not delivered
			Operationalise results-based REDD-plus – *RFP launched and first proposals expected in 2019*	Low credibility/too early to tell.	RFP in progress and limited progress yet (need to assess the RFP process)
		Strengthening a proactive and strategic approach to programming	Request accredited entities to submit work programmes containing information on anticipated pipeline and amount targeted for GCF support – *accredited entity work programmes developed*	Not sufficient to achieve outcomes.	Entity work programmes requested, but an assessment of shift in their portfolios is currently not taking place.
			Carry out a market survey of what is needed to support climate action and which country priorities have most difficulty attracting finance to inform RFPs and replicable approaches – *Surveys done through several policy/strategy processes, market analysis could be*	Insufficient target.	Market survey done, but is not sufficient to strengthen programming approach.

SUMMARY OF PROGRESS AGAINST THE ISP: OPERATIONAL PRIORITIES AND ACTION PLAN (GCF SECRETARIAT DOCUMENTATION)[55]			CRITICAL ASSESSMENT OF REPORTED PROGRESS (IEU)	
		deepened		
		Enhance accessibility and predictability through more transparent planning of financial resources – *Financial planning approach adopted for 2019*	Low sufficiency	The GCF Board took “note of the analysis on the options for financial management of the commitment authority contained in annexe II to document GCF/B.21/33/Rev.01” (Decision B.21/14, Paragraph 50(c))
	Enhancing accessibility and predictability	Survey stakeholders on barriers for engagement – *Undertaken through policy/strategy processes*	Target is insufficient.	Survey undertaken, but the target is not sufficient to enhance accessibility and predictability.
Ensuring responsiveness to developing countries’ needs – support for readiness, direct access and country programming are strengthened continuously		Signal the types of projects GCF is seeking to invest and finalise minimum benchmarks – *Further guidance developed; minimum benchmarks not delivered and policy gaps remain*	Target not delivered.	Benchmarks not delivered, although presented to the Board.
		Streamline and simplify processes particularly for the least developed countries and Small Island Developing States – *SAP adopted and implemented*	Too early to tell. An assessment will help.	SAP is implemented
		Revise the proposal approval process – *Revised and updated at the seventeenth meeting of the Board*	Low sufficiency and credibility. A review is recommended.	Proposal approval process updated at B.17, but its effectiveness is not yet demonstrated
	Maximising private sector engagement	Analyse barriers to crowding-in and maximising the engagement of the private sector, including based on a survey among private sectors actors, to develop a private sector outreach plan – *Analysis done and private sector strategy developed for Board consideration in 2019*	Still needs to be implemented.	Analysis undertaken by PSF and is deemed credible and relevant.
		Reconsider the extensive Private Sector Advisory Group recommendations on: enhancing Secretariat capacity, readiness for	Insufficient evidence.	Not complete

Summary of progress against the ISP: operational priorities and action plan (GCF Secretariat documentation)[55]		Critical assessment of reported progress (IEU)	
	private sector, accreditation modalities and options to reduce currency risks – *Ongoing as part of private sector strategy*		
Proactively communicating GCF ambition and operational modalities – range of steps taken to improve guidance and communications, with room to keep improving	Build and maintain a well-staffed Secretariat – *Secretariat strengthened to over 200*	Sufficient progress, although structure and sufficiency are not examined.	Secretariat strengthened
	Improve efficiency of Board Decision-making processes, including considering delegation of funding Decisions or use of committee – *Still under consideration*	Incomplete and a review is recommended.	
	Operationalise the three independent accountability units – *independent units operationalised*	Complete and a review of the effectiveness of the units is recommended.	Independent Units operationalised
	Review role and structure of panels and groups providing advice to the Board – *Ongoing*	Too early to assess.	Ongoing
	Strengthen role of national designated authorities through readiness, dialogue and knowledge-sharing platform - Delivered	Evaluation evidence points to required action. The new RPSP strategy may address this but it is unclear.	Although activities are undertaken, the IEU RPSP evaluation documents that this function needs to be reviewed.
	Assess enhancing the role of the interim Trustee – *Trustee selected and appointed*	Step undertaken	Trustee selected and appointed

70. The first Annual Portfolio Performance Report (2017)[57] provides information for the annual reporting period ending on 31 December 2017. **The contents of the report are considered outdated for a fast-evolving organisation such as the GCF. More importantly, however, the report is based solely on the reporting submitted by the AEs, and constitutes report against inputs, and AE-reported result areas.** It does not report on impacts and is not validated through other means. Similarly, the 'Report on the activities of the Secretariat' is, as the name suggests, only a report on the activities during the year. Further, the report of the Green Climate Fund to the Conference of the Parties also primarily composed of activities/inputs and not outputs and/or impacts. **These reports do not provide evidence on the outcomes, results or impacts, and are therefore not critically appraised.** Likelihood of impacts will be further considered by the overall Performance Review of the GCF.

[57] GCF/B.21/Inf.12

71. As part of its considerations for the replenishment process, the Secretariat presented a strategic planning document at B.22[58]. The programming document is further discussed in the chapter on measurement and reporting, but it is important to note that it identifies options for the GCF to pursue impact[59], and proposes that the vision for supporting **country-driven transformation, through catalytic investment** can be operationalised through programming that: keeps countries at the centre; invests in institutional transformation; supports science-based, systems thinking; orients funding to needs and impacts; takes risks to catalyse innovation and scale, and; undertakes operational reform to unlock catalytic potential. The document further notes that "in a scenario consistent with a global pathway well below 2°C, the GCF might strive to double its mitigation impact", even as a 1.5 degree pathway is not analysed for limitations in the literature.

Key lessons and *emerging* areas of recommendations

72. *Business Model:* There isn't a direct correspondence of evidence from the ISP to inform the Business Model. The ISP does not reflect the ambition or urgency of climate science, the GCF Governing Instrument, and other GCF documents. The Synthesis Study finds that the Action Plan is not sufficient for the achievement of the overall vision of the GCF and there is a need to restore ambition the Strategic Plan needs to lay out visions, priorities, actions, timeframes, and performance markers.
73. *Processes and structure of the secretariat*: Although many priorities are identified by the GCF with regard to resource allocation, few portfolio-level targets are established or are not quantifiable or measurable. Targets such as "maximize engagements" and "reasonable and fair allocation" prevent a precise assessment of progress against these targets. The ISP of the GCF and its Action Plan do not set outcome-level targets, creating a challenge for the measurement of progress but its important for the Strategic Programming document to do this.
74. *Paradigm shift/scale/change/innovation:* There is a large set of aims and ambitions that the GCF espouses. Ranging from paradigm shift, country-ownership, direct access, to gender sensitivity, geographic balance, sustainable development, transparency, there are many competing (although not necessarily divergent) aims and ambitions within GCF documents. The ISP does not provide specific guidance or steer to prioritise the different goals or how, where and when they would need to interact to achieve the GCF's mandate. The overall Performance Review should assess these closely.
75. Clear from the analysis above is a need for measurable and quantifiable allocation targets, as well as targets for the portfolio. The majority of resource allocation priorities do not have specific targets, and cannot be assessed through a desk study. The Synthesis Study also suggests that outcomes or targets are specified especially for the overall stated goal of the GCP in ensuring transparency, processes and turn around times, databases and information availability. For the multi-faceted mandate of the GCF, establishing measurable time specific targets may help bring clarity in actions and workplans and strengthen the GCF.
76. As the GCF articulates its first Strategic Plan, it will be important to draft concrete, and outputs/ results focused priorities, that can be measured and assessed. This will allow the GCF to report on outcomes, results and impacts. Such reporting will allow for course correction, and further strengthen

[58] GCF/B.22/Inf.12 Strategic Programming for the Green Climate Fund First Replenishment
[59] The document states that the GCF could deepen its **'pursuit of impact': "**This could be achieved through deploying a range of programming measures that invest in developing countries' own ability to drive transformational programming, and also target key areas of alignment between developing countries' needs, impact potential, and the GCF's comparative advantage as a Fund that measures success through pursuit of paradigm shift, risk-taking and innovation, not just in tonnes or beneficiaries reached. Delivering a pursuit of impact scenario would be premised on the GCF implementing reform to improve the efficiency and effectiveness of its processes, clarify key investment, risk and results management policy settings, look at expanding its instruments and access modalities, and further strengthening its institutional capabilities to match the desired scale of programming and support for developing countries."

ambition. Given the diverse set of priorities laid out in the governing instrument, the diversity of policies and guidance points to possibly the Secretariat being very stretched. An early emerging area for consideration is the use of a long term but phased approach for operationalising the overall vision of the Governing Instrument. This, however, will need to be assessed much more by the overall Performance Review.

77. *Likely impact:* The ISP and subsequent reports generally do not report on the outcomes or results, but only activities and inputs. This Synthesis Study highlights the inadequacy, insufficiency and lack of credibility of many documents that have been produced to inform the progress on the ISP. Evidence provided by IEU evaluations also highlights some of these and contradictions.

78. *Country needs & ownership:* So far the main documented evidence to inform the GCF's support for processes that aim to meet country needs and country ownership is provided by the GCF's RPSP modality. The IEU's RPSP Evaluation documents the limited effectiveness of the RPSP in meeting the goals of country ownership and needs, but also highlight the need to inform country ownership in a less narrow way. The overall Performance Review will focus more on this and also inform the extent to which country needs are being met.

79. *Climate rationale/ambition:* While a sense of urgency and commitment to a paradigm shift is expressed in strategic statements, the same sense of urgency is not expressed in the measurement of progress against the strategic plan (see the IPCC Special Report).[60]

80. *Normative* s*tandards:* There is a divergence between the ambition of the GCF in its various documents and the extent to which these are robustly reported on. The ISP does not set measurable targets, and lacks the ambition that is stated in other GCF documents. This Synthesis Study also finds that there is insufficient attention paid to 'innovation' and measuring 'co-benefits', both of which are key to a paradigm shift and to the Paris Agreement. Although co-benefits are mentioned in the stated purpose of the RMF[61] and Investment Criteria Indicators[62], and innovation in the Investment Criteria Indicators[63], their clear assessment and effectiveness needs to be undertaken. So far it is unclear what structures have been set up within the GCF to promote (and demonstrate) innovation, and inadequate attention seems to be paid to ensuring and measuring co-benefits in the GCF's documents, priorities, plans, investments and vision. Although there are many statements made to articulate goals for scaling up, shifting finance and efficiency in delivery, these are not reported in credible ways by documentation reviewed for this Synthesis Study. There also seem insufficient GCF guidelines that can help operationally guide what is scalable, demonstrating proof of concept and taking proven concepts to scale.

[60] IPCC, 2018: Summary for Policymakers. In: Global warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty [V. Masson-Delmotte, P. Zhai, H. O. Pörtner, D. Roberts, J. Skea, P. R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J. B. R. Matthews, Y. Chen, X. Zhou, M. I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, T. Waterfield (eds.)]. World Meteorological Organization, Geneva, Switzerland, 32 pp

[61] GCF/B.05/23, Decision B.05/03, (g).

[62] GCF/B.09/07

[63] GCF/B.09/07

VI. COUNTRY OWNERSHIP, COUNTRY NEEDS, AND COUNTRY-DRIVEN APPROACH

81. The Governing Instrument of the GCF provides objectives and guiding principles in Chapter 1, paragraph 3 that state that "The Fund will pursue a *country-driven approach* and promote and strengthen engagement at the country level through effective involvement of relevant institutions and stakeholders." The operational modalities in the Governing Instrument further provide that the "Fund will provide simplified and improved access to funding, including direct access, basing its activities on a country-driven approach and will encourage the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects." Also, the Governing Instrument states that the operation of the Private Sector Facility will be consistent with a country-driven approach.
82. In the GCF's ISP, the Board reaffirms in the Operational Priorities that "only by setting the *highest standards in terms of ambition and country ownership*, and by ensuring that the Fund's unique guiding principles are ingrained throughout its processes – including those within its accredited entities – from the very beginning, can the Fund make the strongest possible contribution." As a result, the Board identifies as one of the operational priorities, the commitment to respond to developing countries' *needs and priorities*.
83. The GCF Board has taken other Decisions related to country ownership:
    - Decision B.04/05 reaffirms that country ownership and a country-driven approach are the core principles of the Fund and establishes the functions of the NDAs/FPs.
    - Decisions B.07/03, Annex VII and B.08/10, Annex XII establish the role of the NDA or focal point in the initial approval process, including the no-objection procedure.
    - Decisions B.08/10, Annex XIII also provides initial best-practice guidelines for selecting and establishing national designated authorities and focal points, while Annex XIV provides initial best-practice options for country coordination and multi-stakeholder engagement,
    - Decision GCF/B.08/11, Annex XVII also provides initial general guidelines for country programmes to enable country ownership through NDA leadership of the process.
    - Decision B.11/10 further elaborates on the role of the NDA or focal point of a country to lead an annual participatory review of the GCF's portfolio in their countries with the participation of all relevant stakeholders.
84. Importantly, through Decision B.17/21 the GCF Board adopted guidelines for enhanced country ownership and country drivenness. This initial guidance highlights the central role of NDA/FP, country programmes, and direct access in building country ownership, and also states that progress should be made in *mainstreaming country ownership in operational modalities, into GCF policies, measuring country ownership and leveraging Country Programmes and Structured Dialogues to develop country ownership*.

Defining and assessing country ownership

85. **Like paradigm shift, country ownership is not specifically defined by the Governing Instrument, nor by the Initial Strategic Plan**. The GCF's documents are very clear that country ownership means different things across different contexts. What, then, is the measure of country ownership in GCF? Guidelines for country ownership were initially discussed at B.14 and were subsequently taken up and adapted at B.17. The previous draft of the Country Ownership

Guidelines[64] required the GCF to develop tools to *assess the degree of country ownership in GCF activities*. This paragraph was not retained in the subsequent draft and as of now, there are no measures for country ownership. The Board adopted guidelines for enhanced country ownership stating: "Recognising that country ownership is an underlying principle and an ongoing process, and that country ownership may mean different things in different country contexts, quantitative measurement alone of country ownership is unlikely to provide meaningful results. The Fund should make efforts to draw lessons from how country ownership is being interpreted and implemented in different contexts, and to use such lessons to inform the development of policies and programmes, stakeholder engagement, and country programmes".[65]

The Board adopted guidelines for enhanced country ownership and country drivenness defining country ownership as multi-faceted and located in different parts of the fund and its modalities, as identified in

86. Table 11. **Evidence from various GCF documents shows that none of the individual parts alone is sufficient for country ownership, and indeed each part faces its own challenges**.

Table 11 Assessment of emerging evidence of country ownership in different parts of the GCF structure and processes

Areas where Country Ownership can be built, according to GCF/B.17/14 Guidelines for enhanced country ownership and country drivenness	Assessment made by Synthesis Study		
	Summary	Extracts from key GCF documents that illustrate this Evidence	Source document
Building Country Ownership through Country Programmes and Structured Dialogues			
Country programmes	Country programmes are few, and their effectiveness in supporting country ownership is not verifiable as yet.	"As of 9 August 2018, the GCF had received eight completed country programmes (representative of all regions), from Antigua and Barbuda, Bangladesh, The Federated States of Micronesia, Pakistan, Rwanda, Thailand, Togo, and Zambia. Support for DAEs is yet to translate into significant GCF pipeline development. It is unclear if RPSP financial and capacity development support is enough for this objective. Country programmes are still few (eight have been completed) and they remain general, without clear concept notes and with vague climate rationales, in particular for adaptation projects. The goals of country programmes under development remain unclear."	IEU RPSP Evaluation (2019)
NDA	NDAs are to occupy a	"This has become a source of	IEU's Independent

[64] Country ownership guidelines GCF/B.14/05/Rev.01 While addressing 'Measuring Country Ownership', and establishment of adequate institutional arrangements, the document states: "Supporting this process, the Fund will develop tools to assess the degree of country ownership in the GCF funded activities and foster sharing of best practices on country ownership emerging through their implementation." The version presented at B.17 does not include this paragraph.

[65] Decision B.17/21

Areas where Country Ownership can be built, according to GCF/B.17/14 Guidelines for enhanced country ownership and country drivenness	Assessment made by Synthesis Study		
	Summary	Extracts from key GCF documents that illustrate this Evidence	Source document
	central role in country ownership, but in practice, their role beyond the No-Objection Letter is not well established nor mainstreamed to any extent in GCF procedures.	confusion and tension between the NDAs and AEs and represents a loss of opportunity to improve coordination, use, management and reporting for results. NDAs are kept out of the loop in the management of GCF funded projects and indeed, on the ground although there is wide recognition that the GCF support adaptation and mitigation activities, and this is often reflected in stakeholder consultations, the importance of the NDA in ensuring country ownership stops here. Indeed, in most countries, once a project is approved, the NDA is not involved in the oversight or management of the investment, which is usually undertaken by the implementing partner. The RMF does not provide an avenue for NDAs, to manage or provide oversight to GCF investments."	RMF Review
Structured dialogue	Structured dialogues are useful, but their role in country ownership is unclear. The role of regional advisers is not acknowledged. However face-to-face interaction is welcomed.	Structured dialogues have increased knowledge of GCF procedures, but have not yet effectively supported knowledge-sharing among country-level stakeholders. Weak staffing of NDA/FPs, with much time spent on project preparation and reporting, are obstacles to country ownership. Regional Advisors have played a key role as intermediaries between NDA/FPs and the GCF."	Dalberg Review of RPSP & IEU RPSP Evaluation (2019)
Reflecting country ownership in the Fund's operational modalities			
Accreditation of DAEs	Accreditation is a challenge, and the RPSP has not been effective in accreditation of DAEs	Please refer to the subsequent section of the report.	Various sources, including: Strategic Plan Report, Dalberg: Structure and Staffing of Secretariat, Work Programme 2019, Accreditation Review, IEU Independent RMF Review, and IEU RPSP Evaluation
Readiness for a range of	Readiness is	In the absence of a definition,	IEU RPSP

Areas where Country Ownership can be built, according to GCF/B.17/14 Guidelines for enhanced country ownership and country drivenness	Assessment made by Synthesis Study		
	Summary	Extracts from key GCF documents that illustrate this Evidence	Source document
activities	promising but has not been effective in supporting country ownership.	and using the typology presented above, although the RPSP has not yet strongly contributed to ensuring country ownership in target countries, the Programme holds promise. The RPSP needs to devote far greater effort in strengthening these NDA/FPs, in terms of the seniority of the head person, the number of staff supporting him/her, and their ability to focus on GCF-related matters.	Evaluation
No objection procedure	No objection procedure, by itself, is not a sufficient indicator of country ownership.	However, this mechanism is thought to be insufficient for ensuring projects are truly country-driven and aligned with national climate priorities. The increase in upstream engagement will help to address this issue. But this will take time and there is still scope to ensure greater country ownership of projects. For example, while being country-driven is core to GCF's mandate, many stakeholders perceive countries' roles to be limited in practice. Additionally, many believe that GCF's emphasis on ex-ante risk management has resulted in a portfolio of projects that do not clearly meet GCF's transformative objectives.	IEU's Independent RMF Review
An in-country consultative process should aim to be an ongoing process through the design, implementation, monitoring and evaluation and exit stages of a project or programme, rather than a discrete activity occurring only once.	More evidence is needed to demonstrate the effectiveness of consultative processes for country ownership. Access and wide representation in such processes is key, but is up to the AE, only	Stakeholder engagement is embedded within the Environment and Social Policy; its effectiveness remains to be assessed66. According to SCF review, there is potential for gaps in the engagement.	SCF report67 SCF/TP/2017/1
		Full country ownership requires appropriate participation in	IEU RPSP Evaluation (2019)

[66] Stakeholder Engagement is covered under Section 7.2 of the GCF Environmental and Social Policy adopted through Decision B.19/10

[67] According to SCF/TP/2017/1 Technical paper on the sixth review of the Financial Mechanism "With regard to engagement with civil society organizations, there are mechanisms in place to ensure adequate and meaningful stakeholder engagement at meetings and in the operations of the operating entities. However, according to Transparency International, there are no harmonized criteria for qualifying such engagement and, beyond the redress mechanisms, there is not a process to verify information on how stakeholder consultation and participation is ensured by the GCF and the GEF. There is no financial support for civil society organizations to participate in GCF meetings, and, even though there is funding for civil society organizations to participate in the work of the GEF, lack of access thereto has been raised as a limiting factor. The level of engagement of indigenous peoples in relation to the GEF is currently under examination, while the GCF is in the process of developing a policy thereon."

Areas where Country Ownership can be built, according to GCF/B.17/14 Guidelines for enhanced country ownership and country drivenness	Assessment made by Synthesis Study		
	Summary	Extracts from key GCF documents that illustrate this Evidence	Source document
	assessed by Secretariat and iTAP during the review.	climate action by the private sector, by CSOs, and by vulnerable, marginalised and indigenous peoples and local communities. So far, this participation is rudimentary in most countries.	

87. While there is no formal, Board-approved definition of country ownership, the IEU RPSP Evaluation considered various Decisions and guidelines to understand country ownership and drivenness as composed of seven elements (Table 12). **In other words, country ownership is a multi-faceted composite that operate at different levels and different points in the Fund's processes.**

Table 12 Summary of country ownership 'attributes'in readiness processes and readiness programming, as assessed for case study countries in the IEU RPSP Evaluation (2019)

Country Ownership 'attribute'
The NDA/FP is established and functional
Stakeholder consultations are organized by the NDA/FP
A NOP has been established and is operational
A country programme has been developed, includes a pipeline of concrete projects and is agreed upon with the major stakeholders
One (or more) DAE(s) has/have been accredited
One (or more) DAE(s) has/have submitted Funding Proposals and/or seen it/them approved
(As of 2016), progress has been made on NAP planning and completion

Source: Independent Evaluation Unit (2018) *Report of the independent evaluation of the Readiness and Preparatory Support Programme.* Final Report, Green Climate Fund. Songdo, South Korea

88. Separately from the above, country ownership is also to be found within the GCF's investment criteria. As one of the six investment criteria, funding proposals are required to demonstrate country ownership potential. This is operationalised through the following indicators: (1) alignment with nationally determined contributions (NDCs), relevant national plans indicator, and/or enabling policy and institutional frameworks, and (2) explanation of engagement with relevant stakeholders including national designated authorities. Analysing data presented in the IEU Evaluability Assessment, of the 93 approved Funding Proposals, country ownership was clearly discernible in 36 Funding Proposals (

90. Table 13). Of these, 27 were seen to have the potential for high performance against the criteria. Of the remaining, 18 performed well against all investment criteria in general. For 28 proposals, performance against country ownership was not specifically discernible in the documents provided to the GCF.

Table 13 Summary of assessment of 93 funded proposals against country ownership as an investment criteria

PERFORMANCE OF PROPOSALS AGAINST CRITERIA	INVESTMENT CRITERIA ALTOGETHER (NUMBER OF PROPOSALS)	COUNTRY OWNERSHIP (NUMBER OF PROPOSALS)
High	18	27
Low	11	9
Country ownership is unclear/not assessed for a total of 28 funded proposals		

Source: Fiala, N., Puri, J, and Mwandri, P. (2019). *Becoming bigger, better, smarter: A summary of the evaluability of Green Climate Fund proposals*. IEU Working Paper No. 1, Green Climate Fund. Songdo, South Korea

Readiness support as a means to develop country ownership

While the GCF is mandated to promote country ownership broadly, the RPSP is the major tool for country ownership.[68] To this end, RPSP has undertaken many activities, in the areas of country programming/NDA strengthening, DAE support, strategic frameworks, and adaptation planning. Since its inception, the Readiness Programme has committed more than 78 percent of the US$ 190 million allocated. According to a report presented at B.22, the RPSP has engaged to date with 135 countries, which represents 92 percent of the countries that have communicated their initial designations of NDA/FP (Table 14). However, only 37.2 percent of this has been disbursed as of February 28, 2019 according to data made available by the IEU DataLab (Table 15).

Table 14 Number of countries by region, in terms of types of readiness support requested and approved (as of 31 December 2018)[69]

REGION	TYPE OF READINESS SUPPORT (IN NUMBER OF COUNTRIES)							
	Country Programming and NDA Strengthening		***Direct Access Entities Support***		***Strategic Frameworks***		***Adaptation Planning***	
	Requested	***Approved***	***Requested***	***Approved***	***Requested***	***Approved***	***Requested***	***Approved***
Africa	55	39	21	17	20	9	31	8
Asia Pacific	44	33	14	10	22	17	12	5
Latin America & Carribean	38	32	24	21	17	16	14	8
Eastern Europe	13	11	1	1	1	-	11	2
Total	150	115	60	49	60	42	68	23

Source: GCF/B.22/08 Readiness and Preparatory Support Programme: Strategy for 2019-2021 and Work Programme 2019

Table 15 Amount requested, approved and disbursed for readiness as of February 28, 2019

REGION	REQUESTED (M USD)	APPROVED (M USD)	DISBURSED (M USD)
Africa	46.6	45.7	17.5
Asia-Pacific	40.7	39.1	16.1
Eastern Europe	8.5	8.4	2.4
Latin America and the Caribbean	51.4	51.8	18.1
Total	**147.2**	**145.0**	**54.1**

Source: IEU DataLab

[68] "Readiness and preparatory support is a key instrument for enhancing country ownership." Guidelines for Enhanced Country Ownership and Country Drivenness Decision B.17/21/AnnexXX
[69] GCF/B.22/08

91. The RPSP, however, has had mixed effectiveness. The IEU RPSP Evaluation provided evidence that the contribution of RPSP to country ownership is limited. The RPSP Evaluation assessed performance of the programme in seven areas, and in nine case study countries. For each of the seven areas (or country ownership 'attributes'), the evaluation assessed the effectiveness of the programme on a 0-3 scale (3 being highest) in each case study country.[70] Each country ownership attribute was scored on a 0-27 scale. In its evaluation of the programme, the IEU concluded that **while RPSP support has been effective in organising stakeholder consultations, its effectiveness was rather limited in areas such as supporting DAEs to submit Funding Proposal or NAP planning and completion,** . The capacity of countries in these areas was strongly related to prior activities of other development partners and the prior capacities in the country; the 'readiness' of countries could not be directly attributed to RPSP. With the new strategy[71] it will be important to see whether this has been remedied.

Table 16 Assessment of the effectiveness of RPSP, as demonstrated by case studies under the RPSP Evaluation

RPSP AREAS OF EFFECTIVENESS	EFFECTIVENESS OF RPSP, SCORED AGAINST A MAXIMUM OF 27
Extent to which readiness grants have enabled NDA/FPs to lead effective intra-governmental coordination mechanisms, including the establishment of the no-objection procedure.	15
Extent to which readiness grants have enabled NDA/FPs to effectively engage stakeholders in consultative processes, including the preparation of coherent country programmes.	15
Extent to which readiness technical assistance has enabled nominated candidates to achieve accreditation as DAEs.	9
Extent to which information and experience-sharing events and processes have contributed to the ability of countries and DAEs to engage effectively with the GCF.	19
Extent to which readiness grants have enabled countries to develop NAPs that build on existing country strategies and plans.	8
Extent to which readiness grants have enabled NDA/FPs and AEs to develop concept notes and/or project proposals to access climate finance that address high-impact priorities identified in-country programmes.	13
Extent to which private sector engagement in country consultative processes has helped improve the enabling environment for crowding-in private-sector investments.	12

Source: Independent Evaluation Unit (2018) *Report of the independent evaluation of the Readiness and Preparatory Support Programme.* Final Report, Green Climate Fund. Songdo, South Korea

92. In other words, the RPSP has provided extensive inputs to contribute to building country ownership. However, the effectiveness of these inputs and activities remains limited as country ownership is

[70] Scoring is on a scale of 0 to 3. If limited progress was made in any given results area and the RPSP contribution to this has been found to be partial, a score of one was attributed. Specfcially, the scored were accorded on the following basis, with a maximum score of 27:

RESULTS	RPSP CONTRIBUTION	SCORE
In place	Major	3
In place	Partial	2
Progress made	Major	2
Limited progress	Partial	1
In place/progress made/no progress	No contribution	0

[71] GCF/B.22/08 Readiness and Preparatory Support Programme: Strategy for 2019-2021 and Work Programme 2019

strongly tied to a number of factors, including: previous readiness activities by other development partners, country expertise, exposure and sensitivity to climate risks, and history of planning for climate finance. This gap between RPSP inputs and results of country ownership points to a combination of three possible explanations:

a) The RPSP logic (TOC) is not sufficient for country ownership and does not accurately capture how country ownership is to be built[72], or

b) Country ownership itself is more complex than currently understood by the GCF. It is possible that there are missing assumptions in the TOC related to country ownership, or

c) Measurement of country ownership is not sufficient. It may be possible that while the RPSP has contributed to country ownership, and the current measurement does not adequately reflect country ownership.

93. **According to the Standing Committee on Finance of the UNFCCC, there is no single indicator of degree of ownership of climate finance flows.** The report instead suggests that besides establishing no-objection procedures, country ownership can be achieved by supporting domestic policy and planning processes. It provides the example of LDCF, that supports the development of NAPs, which are longer term and integrated into national planning processes with enhanced potential for national ownership.[73] The IEU RPSP Evaluation contrasts the GCF's understanding of country ownership against that of the Global Fund to Fight AIDS, Tuberculosis and Malaria, under which a Country Coordination Mechanism is constituted at the national level to submit grant applications, and is responsible for procuring Principal Recipients for implementation, and for overseeing implementation.[74] The evaluation report further identifies the following factors affecting country ownership: limited contributions from the private sector and CSOs, language (English only), prior work by GIZ and others, limited high-level political commitments.

Key lessons and *emerging* areas of recommendations

94. *Business Model:* Country ownership is key to the GCF's mandate. The model for the GCF pays special attention to direct access at least on paper (including the role of NDAs and AEs) which is considered a means to ensure country ownership. However, it is clear from the documents reviewed that a very small percentage of the overall percentage of investments is directed through DAEs. This points to a potential weakness in the business model of the GCF (which is predicated on accreditation) and will be examined by the overall Performance Review. Furthermore the effectivess

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[72] The Dalberg Report on the Structure and Staffing of the Secretariat states: "[accreditation] is thought to be insufficient for ensuring that projects are truly country-driven and aligned with national climate priorities. The increase in upstream engagement will help to address this issue, but this will take time and there is still scope to ensure greater country ownership of projects."

[73] UNFCCC Standing Committee on Finance (2018) Biennial Assessment and Overview of Climate Finance Flows Technical Report, United Nations Framework Convention on Climate Change (UNFCCC), Bonn, Germany *https://unfccc.int/sites/default/files/resource/2018%20BA%20Technical%20Report%20Final%20Feb%202019.pdf*

[74] IEU RPSP Evaluation (2019) states:
"Other examples of country coordination: This situation contrasts significantly with the Country Coordinating Mechanism (CCM) of the Global Fund to Fight AIDS, Tuberculosis and Malaria. As the governing body of the Global Fund Partnership at the country level, the CCM is responsible for submitting grant applications to the Global Fund, for procuring the Principal Recipient to implement each approved grant, and for overseeing the implementation of the grants. Learning from the experience of its formative years, the Global Fund has now mandated strict requirements governing the composition and operating procedures of each CCM, such as requiring meaningful voting representation from CSOs and affected communities. The CCMs have to procure the Principal Recipients of the Global Fund grants competitively and adopt conflict-of-interest policies in which, among other things, neither Principal Recipients nor Sub Recipients can be voting members of the CCM.
CCMs typically have permanent secretariats supporting their work, as well as subcommittees such as an Oversight Subcommittee, which is responsible for overseeing the implementation of grants. Recognizing the important role of the CCMs to Global Fund operations in each country, the Global Fund provides grants of USD 300,000 for a three-year period to cover the operational costs of CCMs. CCMs can also apply for amounts exceeding USD 300,000 per three-year period, if the CCM can demonstrate that it has mobilized 20 per cent of the amount exceeding USD 300,000, from sources other than the Global Fund for the same CCM budget period."

of the current business model in contributing to a country owned pipeline of projects is not yet demonstrated. This is another area of examination for the overall Performance Review.

95. Specifically, according to GCF guidance, country ownership is enhanced at various points in the Business Model, including through the NDAs, no-objection procedure, stakeholder consultations, and direct access entities. Yet, there is no effective assessment whether these are sufficient or even necessary. In the short-term, it is clear that country ownership may be indicated by high-level commitment in the country, effective participation from the private sector and CSOs, and a pipeline of DAE proposals. Within the GCF there are underused means to achieve these outcomes, including the use of the direct engagement of regional advisers, face-to-face dialogue with NDAs and AEs, and clear support for policy and capacity development at the national level countries.

96. For the overall Performance Review, an evidence-based assessment of country ownership in the GCF Business Model is needed, which can lead to the provision of specific guidance on country ownership. This guidance can further illustrate the differences between country ownership, country-driven approaches and country needs. The different concepts are variably used across different parts of the GCF processes, and clarity in their definitions is warranted.

97. Following this potential area of examination and possible revisions of the Business Model, it may be necessary to reconsider the RPSP goals. However, this is too early to comment on. Untill now RPSP has had limited effectiveness in enhancing country ownership. This report identifies that part of the issue stems from formulating indicators that may not accurately represent country ownership.

98. *ISP:*. RPSP is considered a strategic priority for promoting country ownership.[75] The IEU RPSP Evaluation concluded that while RPSP support has been effective in organising stakeholder consultations, its effectiveness has been rather limited in areas such as supporting DAEs to submit Funding Proposals or NAP planning and completion. The role of other dimensions such as Country Programmes remains to be assessed since there were very few of these available during the IEU RPSP evaluation. This will be an area of assessment for the Performance Review.

99. *Processes and structure of the secretariat:* Country ownership is not specifically defined by the Governing Instrument, nor by Strategic Plan. Indeed a single indicator of country ownership does not exist. The challenge with country ownership remains that it is a multi-faceted and context-specific concept. Without concrete definitions or indicators, it remains difficult to build and measure. In our view, further work needs to be done to define country ownership and assess the effectiveness of the GCF in its delivery.

100. However, it may be useful to consider the experiences of other multilateral organisations such as the Global Fund. Benchmarking this while also examining practices amongst possible private sector funds and non-climate funds will be an area of assessment for the overall Performance Review.

101. *Paradigm shift/scale/change/innovation*/impact: There is a paucity of information related to country ownership and paradigm shift and indeed many documents have commented on there being a mismatch between paradigm shift/innovative proposals on the one hand and the overall remit for country drivenness on the other. Similarly, the connections between likely impact and country ownership are not examined in available documents. This Synthesis Study recognises that there is a possible tension between these different objectives and these are key areas that the overall Performance Review will examine.

[75] In Decision B.05/14, the GCF Board "reaffirms that Fund-related readiness and preparatory support is a strategic priority for the Fund to enhance country ownership and access during the early stages of its operationalization, and may help countries to meet the Fund's objectives;"

102. *Country needs & ownership:* The Board adopted guidelines for enhanced country ownership and country drivenness define country ownership as multi-faceted and located in different parts of the fund and its modalities. However, further GCF evidence suggests that none of the indicators alone is sufficient for country ownership, and each indicator is also faced with challenges of implementation. Furthermore, the IPCC Special Report provides evidence that strengthening the global response in the context of sustainable development and efforts to eradicate poverty can also enable transformation to help limit global warming to 1.5 degree.[76] On the ground assessments of these areas are clearly required.

103. *Normative standards:* According to the Standing Committee on Finance of the UNFCCC, there is no single indicator of the degree of ownership of climate finance flows. Outside of GCF, the Paris Declaration and the Accra Agenda for Action provide guidance. The IEU's Independent RMF Review finds that the vesting of roles and responsibilities in the NDA is not sufficient for country ownership at the project level. Country ownership is also not currently specifically defined in the GCF, although various indicators are described. Country ownership is seen to be vested in various parts of the GCF, including Country Programmes, NDA, no-objection procedure, AE, project selection, consultations, and direct access. Pending specific operationalisation or measurement of country ownership, none of the parts alone is sufficient in defining and promoting country ownership, and each has faced challenges in implementation. In other words, country ownership is a composite and is more than the sum of its parts.

VII. ACCREDITATION

104. Paragraph 45 in the GCF's Governing Instrument provides that *access to GCF's resources will be through national, regional and international implementing entities accredited by the Board*. It also states that recipient *countries will determine the mode of access*, and both modalities may be used simultaneously. The Governing Instrument further provides for direct access in paragraph 47, and state that recipient countries will nominate competent subnational, national and regional implementing entities for accreditation. It also provides that the Board will consider additional modalities that further enhance direct access, including through funding entities with a view to enhancing country ownership of projects and programmes. In paragraph 48, the Governing Instrument provides for international access, through accredited international entities, including

[76] IPCC, 2018: Summary for Policymakers. In: Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, Maycock, M. Tignor, and T. Waterfield (eds.)]. World Meteorological Organization, Geneva, Switzerland, 32 pp.
The report states: "Strengthening the Global Response in the Context of Sustainable Development and Efforts to Eradicate Poverty
D.5. Limiting the risks from global warming of 1.5°C in the context of sustainable development and poverty eradication implies system transitions that can be *enabled by an increase of adaptation and mitigation investments, policy instruments, the acceleration of technological innovation and behaviour changes* (high confidence). {2.3, 2.4, 2.5, 3.2, 4.2, 4.4, 4.5, 5.2, 5.5, 5.6}
D.6. *Sustainable development supports, and often enables, the fundamental societal and systems transitions and transformations that help limit global warming to 1.5°C*. Such changes facilitate the pursuit of climate-resilient development pathways that achieve ambitious mitigation and adaptation in conjunction with poverty eradication and efforts to reduce inequalities (high confidence). {Box 1.1, 1.4.3, Figure 5.1, 5.5.3, Box 5.3}
D.7. Strengthening the capacities for climate action of national and sub-national authorities, civil society, the private sector, indigenous peoples and local communities can support the implementation of ambitious actions implied by limiting global warming to 1.5°C (high confidence). International cooperation can provide an enabling environment for this to be achieved in all countries and for all people, in the context of sustainable development. International cooperation is a critical enabler for developing countries and vulnerable regions (high confidence). {1.4, 2.3, 2.5, 4.2, 4.4, 4.5, 5.3, 5.4, 5.5, 5.6, 5, Box 4.1, Box 4.2, Box 4.7, Box 5.3, Cross-Chapter Box 9 in Chapter 4, Cross-Chapter Box 13 in Chapter 5}"

United Nations agencies, multilateral development banks, international financial institutions and regional institutions.

105. Further, to enable access, the Governing Instrument provides in Paragraph 29 that the GCF Board will develop, manage and oversee an accreditation process for all implementing entities *based on specific accreditation criteria that reflect the Fund's fiduciary principles and standards and environmental and social safeguards*.

106. Core operational priorities identified in the GCF's ISP include: "Ensuring that the GCF is responsive to developing countries' needs and priorities including by enhancing country programming and direct access, e.g. through enhanced support for accreditation of NIEs, ensuring fast disbursement, implementing a gender-sensitive approach, supporting multi-stakeholder engagement, ensuring the effective use of funds and enhancing transparency".

107. Accreditation of entities is central to the GCF business model. In the GCF Business Model, the Accredited Entities (AEs) are responsible for the delivery of financing to developing countries while also meeting GCF standards and safeguards. Once accredited, the GCF relies on the due diligence and the risk assessment performed by AEs for its investments. The only means for a Funding Proposal to be considered by the GCF Board is through AEs. AEs are also responsible for the design, delivery, management, implementation, supervision, and evaluation of activities financed by the GCF.[77] There are two types of AEs: international and national/regional (Direct Access Entities); the latter are considered important (although not sufficient) for promoting country ownership.[78]

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[77] According to draft Strategy on accreditation B.14/09, other roles and responsibilities of the AEs include
The GCF and its network of AEs will be responsible for the delivery of financing to developing countries in order to meet internationally agreed climate goals at scale, while also meeting GCF standards and safeguards. Accreditation of entities is central to the GCF business model and is a means to an end, which is delivering on GCF objectives.
The GCF relies on the due diligence and the risk assessment performed by AEs. They will be responsible for the overall management, implementation and supervision of activities financed by the GCF and are expected to administer funds disbursed with at least the same degree of care as they use in the administration of their own funds.
Direct access entities are important for promoting country ownership and understanding national priorities and contributions towards low-emission and climate-resilient development pathways.
AEs will engage with international and national private sector entities, particularly in developing countries, to support GCF objectives, including the promotion of the paradigm shift towards low-emission and climate-resilient development pathways. Together with international and regional entities, AEs can provide additional choices of partners.
The GCF is responsible for fostering meaningful relationships, collaborations, and knowledge exchange among AEs. Therefore, the GCF will support the network of AEs to foster the sharing of lessons learned, institution-building and continuous learning.
AEs must demonstrate a commitment to climate change and sustainable development through a track record of implementing high social and environmental standards, transparency, internationally competitive and open procurement, untied aid, and low-carbon investments.
The GCF will seek to incentivize AEs to transform their overall portfolio beyond assets financed by the GCF so as to contribute to meeting the objectives of the GCF, the Convention and the Paris Agreement, particularly Article 2, paragraph 1, which calls for: (a) Holding the increase in the global average temperature to well below 2 °C above preindustrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change; (b) Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and (c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

[78] According to Accreditation Framework Review (GCF/B.21/08):
(a) On an operational level, AEs are expected to:
(i) Cover the full project and programme cycle in engaging with GCF, starting from engaging with developing countries via the NDA and focal point in order to respond to and align potential projects/programmes with country priorities, strategies, approaches and needs on climate change;
(ii) Develop and periodically update an entity work programme to deliver country-owned, high-impact proposals in a strategic manner;
(iii) Design projects and develop funding proposals to be considered by GCF for financing; and
(iv) Implement, deliver, monitor and report the results of such activities;4 and
(b) On an administrative level, including fiduciary and legal matters, AEs must:
(i) Demonstrate institutional capacities to undertake the overall management, implementation and oversight of climate change projects and programmes in line with the GCF fiduciary standards, environmental and social safeguards (ESS) and Gender Policy

108. A fit-for-purpose, three-stage accreditation process has been established by the Board[79], during which entities have to meet the Fund's fiduciary standards, environmental and social safeguards, and gender policy to match the nature, scale and risks of proposed activities.[80]

(accreditation standards);
(ii) Provide evidence of institutional systems, policies and procedures in terms of those standards as well as the track record, as appropriate, of implementing such institutional systems, policies and procedures for undertaking the projects and programmes;
(iii) Demonstrate a) their capacity to ensure that their downstream executing entities apply the same standards and b) their ability to monitor, report and verify that the relevant GCF standards, safeguards and policies are being upheld; and
(iv) Possess independent legal personality and legal capacity to enter into legal agreements with GCF and undertake the relevant obligations on their own behalf, notably the accreditation master agreement (AMA) and any funded activity agreements (FAAs) resulting from approved funding proposals (or project/activity within a programme in the case of financing size category).

[79] Decision B.08/02: Approval of the guidelines for the fit-for-purpose accreditation approach

[80] Decision B.07/02: Adoption of the initial guiding framework for the Fund's accreditation process, initial fiduciary principles and standards, interim performance standards, and establishment of an Accreditation Committee and an Accreditation Panel

Accreditation portfolio

109. The GCF Board has not approved a strategy on Accreditation yet, although one was presented at B.13 and deferred to B.14, where the Board noted it.[81] The draft strategy on Accreditation[82] identifies the following guiding principles: (a) Promotion of country ownership; (b) *Ability to contribute to the GCF's mandate of supporting a paradigm shift;* (c) Balance and diversity; (d) Efficiency in terms of cost, time and resources; and (e) Fairness, effectiveness and transparency through its activities. As of February 2019, **the Fund does not have an accreditation strategy.**

110. While the GCF does have portfolio-level targets related to the balance and vulnerable countries, it does not have targets for accreditation.[83] The portfolio as of February 28, 2019[84] includes 75 accredited entities (45 percent international), with an additional 213 seeking accreditation. The portfolio data made available at B.22 demonstrates that the 93 projects approved by December 31, 2018 are undertaken by 33 AEs, with European Bank for Reconstruction and Development (EBRD) accounting for the largest value (18 per cent of the total, 6 projects), followed by the United Nations Development Programme (UNDP) (13 per cent, 19 projects), and the World Bank (13 per cent, 9 projects)[85] (Figure 1). **While the portfolio is more diverse than initial years, it continues to be dominated by international AEs (86% of the GCF funding amounts), with three AEs accounting for 44% of the portfolio.**

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[81] Decision B.14/08
The Board, having considered document GCF/B.14/09 titled "Strategy on accreditation"
(a) Takes note of the draft strategy on accreditation contained in Annex II;
(b) Requests the Accreditation Committee in consultation with the Secretariat, the Accreditation Panel and national designated authorities, and taking into consideration previous Decisions of the Board, in particular Decision B.08/10 on country ownership and Decision B.12/20 on the strategic plan for the GCF, to continue to elaborate on the draft strategy for its further consideration at the fifteenth meeting of the Board.
[82] Strategy on accreditation GCF/B.13/12
[83] For instance, it is possible that targets related to priority countries, composition of DAEs in the AE portfolio, and private sector, may help to prioritise the entities being screened. It should be underlined that the Board has identified priority of AEs in two Decisions.
Decision B.14/08, paragraph (d)(i):
"(i) Decides to request the Accreditation Panel and the Secretariat to establish a prioritization of entities applying for accreditation, and prioritizes in 2016 and 2017 the following, not listed in any particular order of priority:
1. National direct access entities;
2. Entities in the Asia-Pacific and Eastern European regions;
3. Private sector entities, in particular those in developing countries, seeking a balance of diversity of entities in line with Decisions B.09/07, paragraph (g) and Decision B.10/06, paragraph (h);
4. Entities responding to requests for proposals issued by the GCF, for example including a pilot phase for enhancing direct access; a pilot programme to support micro-, small-, and medium-sized enterprises; and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation;
5. Entities seeking fulfilment of conditions for accreditation; and 6. Entities requesting upgrades"
Decision B.21/16
(e) Recalling Decision B.14/08, paragraph (d)(i), Decision B.18/04, paragraph (c), and Decision B.19/13, paragraph (c), decides that future accreditation Decisions by the Board should aim to bring forward accredited entities that fulfil the mandate on balance, diversity and coverage and advance the objectives of GCF and, to that end, decides to prioritize up to the end of the twenty-third meeting of the Board the following, not listed in order of priority:
(i) National direct access entities nominated for accreditation by national designated authorities or focal points of countries that do not have an accredited direct access national entity;
(ii) Private sector entities, in particular those in developing countries, seeking a balance of diversity of entities in line with Decision B.09/07, paragraph (g) and Decision B.10/06, paragraph (h);
(iii) Entities responding to requests for proposals issued by the Green Climate Fund, for example, including a pilot phase for enhancing direct access; a pilot programme to support micro, small, and medium-sized enterprises; and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation;
(iv) Accredited entities seeking fulfilment of their conditions for accreditation; and
(v) Accredited entities requesting upgrades in their accreditation scope.
[84] Accessed from: https://www.greenclimate.fund/how-we-work/getting-accredited/ae-composition
[85] GCF/B.22/Inf.07

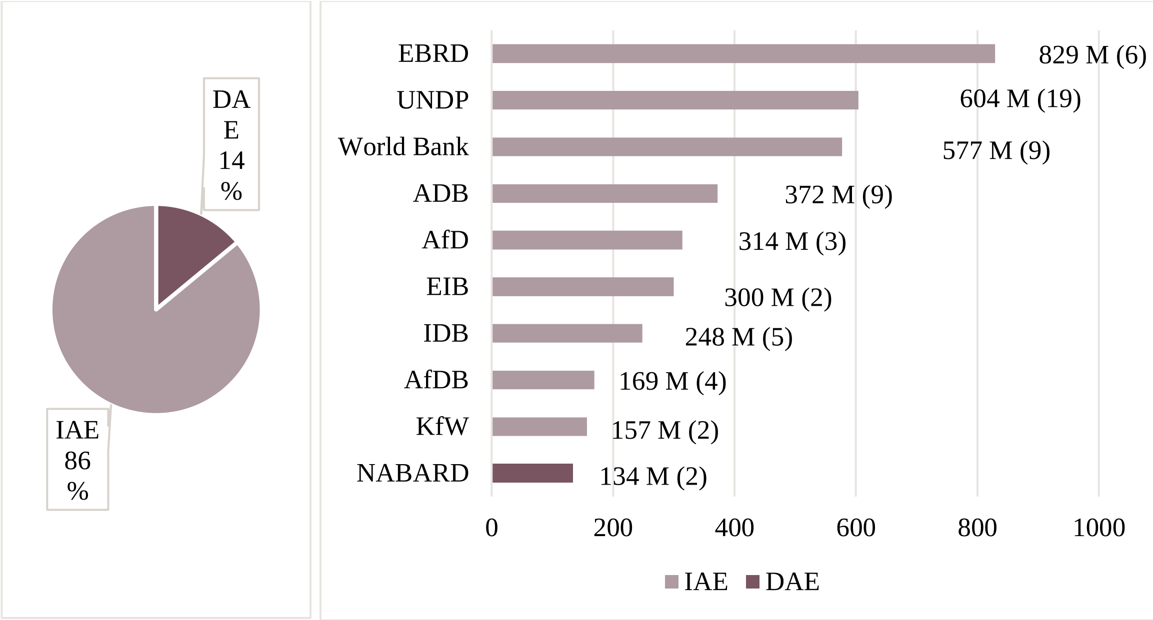

Figure 1 GCF funding amounts by access modality and accredited entity in USD (number of projects)

Abbreviations: ADB = Asian Development Bank, AFD = Agence Française De Developpement, AfDB = African Development Bank, DAE= Direct Access Entities, EBRD = European Bank for Reconstruction and Development, EIB = European Investment Bank, IAE = International Access Entities, IDB = Inter-American Development Bank, KfW = Kreditanstalt Für Wiederaufbau, NABARD = National Bank for Agriculture and Development, UNDP = United Nations Development Programme, M = million.

Note: Only ten AEs are shown on the right. Source: GCF/B.22/Inf.07

111. According to the same report made available during B.22, by December 31, 2018 the amount of GCF funding allocated per year has been rising for IAEs as well as DAEs, but by varying degrees. **The GCF funding for IAEs has increased seventeen-fold from 2015-2018, while that for DAEs has increased by a factor of 7.6 over the same period (Figure 2).**

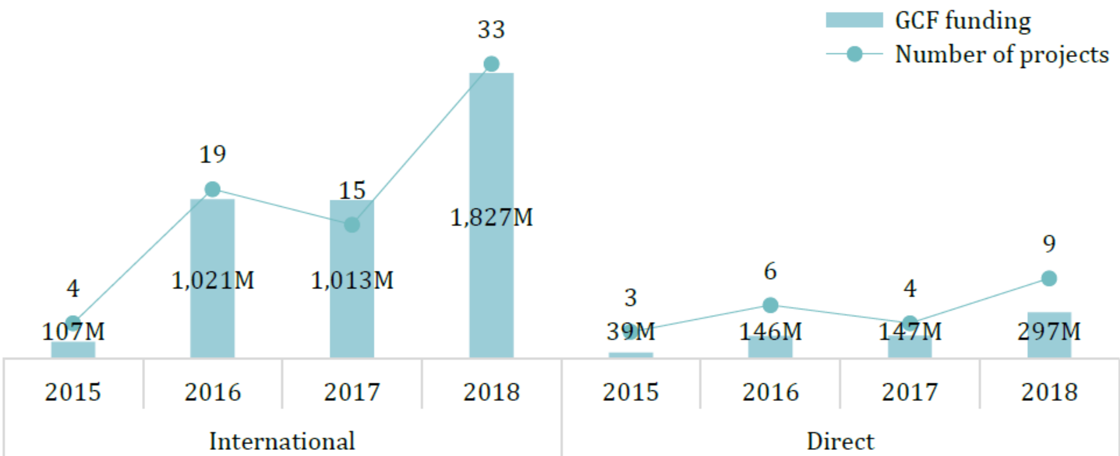

Figure 2 The historical trend of GCF funding amounts since 2015 by access modality in USD[86]

[86] GCF/B.22/Inf.07

112. International Access Entities channel the majority of GCF funding (USD 4.0 billion; 86 per cent of total) financing 71 projects. The accreditation level of IAEs allows them to implement larger projects with a variety of financial instruments.[87] According to an external review of the accreditation framework, this is not operating optimally in terms of distribution of AEs. The review states that, skewed **towards 'traditional' developmental financing pathways (grants) and International Access Entities, the portfolio of accredited entities is not transformative**.[88] This is supported by data collected by IEU DataLab, which finds that grants are the leading financial instruments planned to be mobilised in the 102 funded projects up to B.22 (Figure 3), and International AEs lead the portfolio.

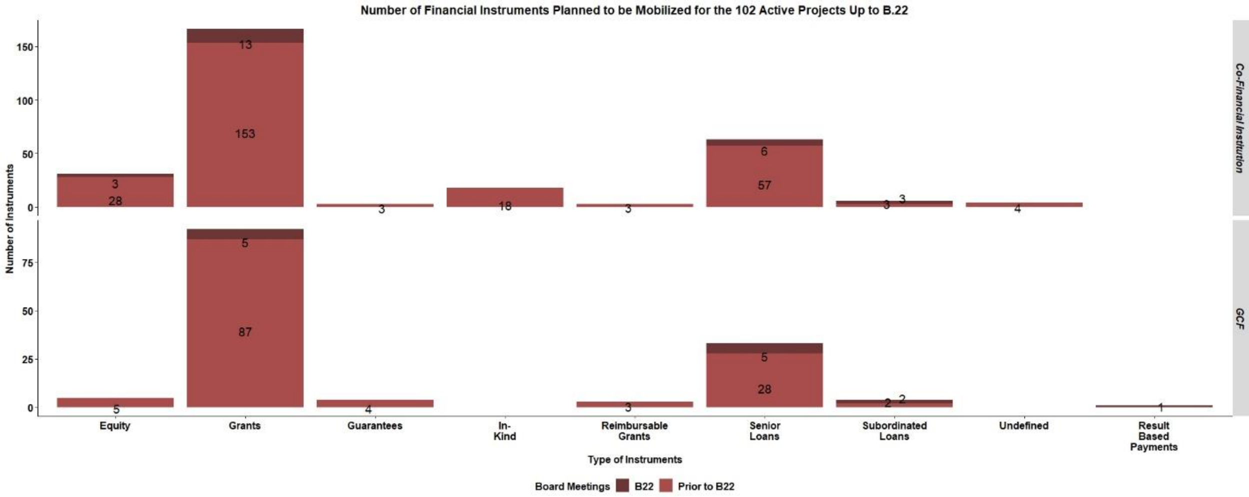

Figure 3   Number of requests by Financial Instruments for 102 funded projects up to B.22

Note: An AE can request multiple financial instruments to both GCF and co-financial institutions in a single funding proposal.

Source: IEU DataLab

Accreditation and the Business Model

113. The GCF's business model is based on the assumption that AEs will bring forward proposals that will fulfil the GCF's mandate for country-driven paradigm shifting investments. However, many GCF reviews have described the challenges related to accreditation (Table 17). **Further, accreditation does not specifically guarantee alignment between the AE and the GCF**. This is identified as a challenge by several reviews – the IEU's Independent RMF Review[89], the review of Structure and

[87] According to GCF/B.22/Inf.07 Status of the GCF portfolio: "The higher concentration in IAEs is due to the fact that their accreditation levels allow them to implement larger projects that need relatively higher amounts of funding and utilize a wider range of financial instruments.
".

[88] GCF/B.22/14Annex IV: Report on the review of the accreditation framework, states: "The range of financial instruments offered by AEs is skewed towards more 'traditional' developmental financing pathways (grants) and International Access Entities dominate the entities accredited for other financial instruments (loans, equity and guarantees), as well as those accredited for larger activity sizes. Although the prioritisation initiative has gone some way to address imbalances, the current portfolio does not seem to be as transformative as GCF's stakeholders would like." (The prioritization refers to Decision B.14/08, paragraph (d)(i), wherein the Board prioritised the following entities for accreditation: 1. National direct access entities;
2. Entities in the Asia-Pacific and Eastern European regions;
3. Private sector entities, in particular those in developing countries, seeking a balance of diversity of entities in line with Decisions B.09/07, paragraph (g) and Decision B.10/06, paragraph (h);
4. Entities responding to requests for proposals issued by the GCF, for example including a pilot phase for enhancing direct access; a pilot programme to support micro-, small-, and medium-sized enterprises; and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation;
5. Entities seeking fulfilment of conditions for accreditation; and 6. Entities requesting upgrades)
This list of priority was subsequently updated through Decision B.21/16, before review of the accrediation framework.

[89] GCF/B.22/07

staffing of the Secretariat[90], the IEU RPSP Evaluation[91], and the Accreditation Framework Review[92]. The IEU's Independent RMF Review states: "…the model on which the GCF is predicated, i.e. **the ability and willingness of the AE to produce high-quality proposals and manage for results is not within the control of the GCF**. The review team felt this was an important omission and one potential recommendation is an examination of the accreditation process to ensure that results-reporting, and evaluation capabilities of entities are also examined during the process."

114. Table 17 shows that evidence for these claims can be drawn from a variety of sources, including experiential (anecdotal), and evaluative data. The potential for confirmation bias[93] is likely to be high in these documents, and the reliability of evidence is low. In contrast, three relevant reports are based on structured data collection and portfolio analysis; two out of the three reports undertaken by external consultants, and one by the IEU. The evidence in these three reports is reliable.

Table 17 Analysis of GCF reviews that discuss challenges for Accreditation

	Accreditation as a barrier for	Explanation	Source document/author	Evidence cited in source document /IEU critical appraisal of evidence
1	Innovation, impact and reach, such as through its requests for proposal (RFPs)	Good project ideas, but unwilling entities. Lengthy accreditation makes timely advancement and implementation nearly impossible. Already accredited AEs reluctant to advance the project proposals of others Barrier to new entrants with innovative proposals	Strategic Plan Report[94]/Secretariat	Experiential /low reliability
2	Impact	GCF's experience and reliance upon the programmes presented by AEs constrains its potential to respond to country needs and maximise impact	Strategic Plan Report/Secretariat	Experiential /low reliability
3	Ability of GCF business model to deliver results	Accreditation creates challenges for GCF efficiency, actively seeking balance in risk-taking, private sector mobilisation.	Structure and Staffing of Secretariat[95]/External Consultant hired by the Secretariat.	Interviews, benchmarking, document review / moderate reliability
4	Involvement of the private sector	Length and complexity of accreditation process	Structure and Staffing of Secretariat/Consultant	Interviews, benchmarking, document review /moderate reliability
		Private sector mobilisation requires country-level engagement, deployment of the right mix of instruments and effective access modalities	Strategic Plan Report/Secretariat	Experiential /low reliability
		Entities submitting Requests for Proposals find it hard to be accredited or partner with AEs.	Work Programme 2019[96]/Secretariat	Experiential /low reliability
		Processes are long and timelines as well as outcomes, at least for outsiders,	PSAG recommendations on	Experiential /low reliability

[90] GCF/B.18/10 Annex III: Dalberg Report
[91] GCF/B.22/03
[92] GCF/B.21/08, GCF/B.22/14
[93] Tendency to embrace information that confirms one's pre-existing beliefs or hypotheses.
[94] GCF/B.22/INF.13
[95] GCF/B.18/10 Annex III: Dalberg Report
[96] GCF/B.21/19

	Accreditation as a barrier for	Explanation	Source document/author	Evidence cited in source document /IEU critical appraisal of evidence
		completely unpredictable, incompatible with needs.	the development of a private sector outreach plan GCF/B.19/30/PSAG	
5	Paradigm shift	A small start-up with a ground-breaking, innovative project, but which does not have the form or the mature internal control systems expected by a large, multilateral donor, may be locked out of the process	Accreditation Review[97]/External Consultant	Interviews, survey, portfolio review /moderate reliability
6	A project portfolio that is in line with the GCF's objectives	Portfolio of AEs is dominated by international organisations. This limits country ownership, private sector involvement and supporting the needs of developing countries, particularly Least Developed Countries, Small Island Developing States and African countries. DAEs are most likely to be accredited for smaller sized projects and a larger number of these will be required to leverage desired levels of investment Range of financial instruments offered by AEs is skewed towards more 'traditional' developmental financing pathways (grants)	Accreditation Review/External Consultant	Interviews, survey, portfolio review /moderate reliability
7	Planning for M&E for results	The current quality of proposals and plans for reporting are not very good. This, in turn, implies that the model on which the GCF is predicated, i.e. the ability and willingness of the AE to produce high-quality proposals and manage for results is not within the control of the GCF.	IEU's Independent RMF Review [98] /IEU	Evaluation data /high reliability
8	Risk Management	The implementation of the risk management framework is facing challenges related to the business model of the Fund that depends on other organisations to develop and implement projects and related to the vastly different types of operations carried out by the Fund. The deficiencies that this review documents regarding the quality of entry of M&E raise red flags regarding the adequacy of the accreditation process, requiring further examination.	IEU's Independent RMF Review /IEU	Evaluation data /high reliability
		It should be noted that when those standards were evaluated, some gaps in implementation were highlighted, notably in cases where project execution involves multiple financial intermediaries that are not themselves accredited or whose capacity to implement the standards is not well established.	UNFCCC Standing Committee on Finance/ Technical paper on the sixth review of the Financial Mechanism	Source not provided /low reliability

[97] GCF/B.21/08
[98] GCF/B.22/07

115. As stated in the section on paradigm shift, the GCF Board has stated an expectation that AEs would advance the GCF's goal of achieving a paradigm shift, and modify their own overall portfolios in this direction.[99] The Board stated that the Accreditation Panel would establish a baseline of an AE's portfolio to allow for an assessment of the shift in the AE's own portfolio to align with that of the GCF, beyond just the activities supported by the GCF. It is understood **that an assessment of the shift in AE's portfolio is currently not taking place.** Such an assessment will take place through the re-accreditation process[100] (yet to be established) and PSAA (yet to be adopted by the Board). Indeed, the document varyingly suggests that AEs screened under PSAA will be required to report once every year[101] or once every five years[102].

116. Accreditation can offer some advantages to entities. The International Institute for Environment and Development (IIED)[103] analyses the experience of three successful NIEs of the Adaptation Fund: Kenya's National Environment Management Authority (NEMA), Rwanda's Ministry of Natural Resources (MINIRENA) and Senegal's Centre de Suivi Ecologique (CSE). In this policy brief, the authors find NIEs are able to a) strengthen their internal framework of policies and operations during the accreditation process, b) build their project development capacities to be more programmatic and inclusive, and c) the effects of institutional development are expected to radiate to project partners downstream (from NIEs to the executing entities) through strengthened monitoring and evaluation. The authors make the case that this may be true for DAEs accredited by the GCF. This policy brief does not provide an account of methods and data, and was therefore not critically appraised for reliability, relevance, credibility and sufficiency. A GCF review of the accreditation process and operationalisation[104] supports such a possibility, but also points that international and private sector

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[99] Decision B.12/20

[100] B.22/14 Matters related to accreditation, including the framework review, and matters related to the baseline of accredited entities: Accreditation framework review

PSAA: In line with Decision B.10/06, paragraph (j), to advance the goal of GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development, entities with funding proposals approved within the scope of PSAA will be required to report every year to the Board through the Secretariat the extent to which the entity's overall portfolio of activities beyond those funded by GCF has evolved in this direction during the implementation period of the approved project.

46. The re-accreditation process is currently being developed by the Secretariat and AP and will be based on the accreditation framework and accreditation standards (e.g. fiduciary standards, ESS and the Gender Policy) as well as the baseline of the overall portfolio of the AEs that allows for an assessment of the extent to which their activities (beyond those projects/programmes funded by GCF) have evolved during the accreditation period.19 In light of the findings from the Consultant regarding the pipeline and portfolio of projects/programmes, noting that some AEs have not yet submitted concept notes or funding proposals, the Board may wish to consider whether to put in place minimum requirements regarding quality projects/programmes, such as the approval of at least one funding proposal submitted by AEs for GCF financing or approval of a Project Preparation Facility proposal by AEs.

52. (c) Contribution to the objectives and mandate of GCF: as per Decision B.10/06, paragraph (j), to advance the goal of GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development, entities with funding proposals approved within the scope of PSAA would be required to report at least once every five years to the Board through the Secretariat the extent to which the entity's overall portfolio of activities beyond those funded by GCF has evolved in this direction during the implementation period of the approved project;

[101] GCF/B.22/14 Annex III: Pilot framework for the GCF project-specific assessment approach

36. In line with Decision B.10/06, paragraph (j), to advance the goal of GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development, entities with funding proposals approved within the scope of PSAA will be required **to report every year to the** Board through the Secretariat the extent to which the entity's overall portfolio of activities beyond those funded by GCF has evolved in this direction during the implementation period of the approved project.

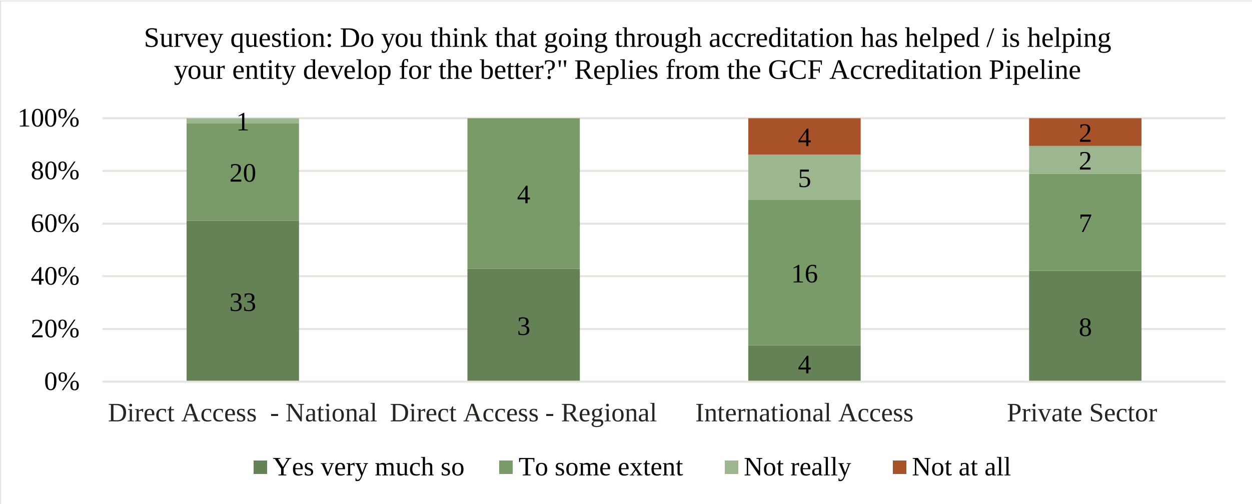
[102] GCF/B.22/14

52. (c) Contribution to the objectives and mandate of GCF: as per Decision B.10/06, paragraph (j), to advance the goal of GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development, entities with funding proposals approved within the scope of PSAA would be required to report at least **once every five years** to the Board through the Secretariat the extent to which the entity's overall portfolio of activities beyond those funded by GCF has evolved in this direction during the implementation period of the approved project;

[103] International Institute for Environment and Development (2015) The Green Climate Fund accreditation process: barrier or opportunity? Briefing. Accessed from: *http://pubs.iied.org/17311IIED*

[104] GCF/B.21/08

entities find accreditation to be less useful to build their capacities. Indeed, in a survey of 17 accredited entities and 109 entities in the accreditation pipeline, when asked if going through accreditation has helped/is helping the entity develop for the better, negative responses were received only from international access and private sector entities (Figure 5).



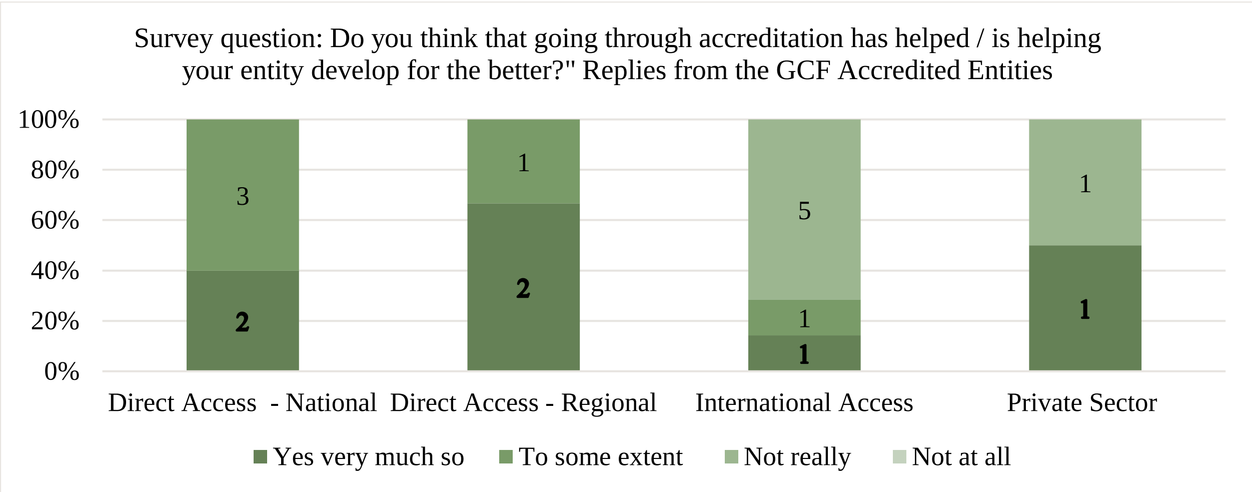


Figure 4 Survey responses as reported in report on review of accreditation framework (Moore Stephens)

Source: GCF/B.22/14/ Annex IV: Report on the review of the accreditation framework

117. The GCF Board has reviewed the Accreditation Framework through a number of documents prepared by an external consultant.[105] The report of the external consultant found many challenges (apart from results cited above). The detailed report of the consultant is included as an Annex to Document GCF/B.22/14, while generalised conclusions are presented in the main document. The consultant's report concludes, among other things:

– **The accreditation process is time-consuming**. The report finds that "accreditation communication protocols are slow and cumbersome – multiple iterations (up to 7 rounds in one case) of queries can pass back and forth between the Secretariat and the entity before the AP review has even begun". The report finds that optimal length for the process is seen to be between 6-12 months, **whereas the actual average time was 28 months**.

[105] GCF/B.22/14

- Accreditation standards are rigid. Based on survey and interview data, the report makes the case that accreditation standards are rigid, but considered appropriate and there is no appetite to change them. **Yet, the standards are differently accessible to entities with varying capacities.**
- **GCF's accreditation process is duplicati**ve. In addition to the above, the report finds duplication in the process at two levels. The first instance of duplication occurs when the Secretariat and Accreditation Panel carry out similar reviews during different stages. Duplication also occurs when the similar reviews are undertaken for accreditation and funding proposal processes.
- The review process and its duration were shown to **disadvantage the private sector and national entities, and those from non-English speaking environments and/or lacking capacities.**

118. **IEU's RPSP Evaluation found the following challenges facing the entities seeking accreditation**: a slow and lengthy process; inability to engage with different language; contradictory guidance from GCF; low management fees[106] leading to low incentives; and internal/country-related bureaucracies that add to delays and lengthy processes.

119. **The UNFCCC/SCF[107] identifies the following challenges of accreditation**: the lack of developing country capacity to devise a national strategy for using available climate finance resources and for attracting climate-friendly investments; legal issues within entities, financial management and integrity, institutional capacity at the design, appraisal and implementation phases, or risk assessment capacity.

120. Various alternatives to accreditation are considered in the review of the accreditation framework: codify how level of risk manifests in decisions on accreditation and clarify the types of entities able to get accreditation[108], prioritise certain standards (e.g., gender vs environment) leading to a 'tiered accreditation', consortium accreditation, direct management, and Project Specific Assessment Approach (PSAA) of accreditation. The report of the accreditation framework review identifies two options for alternative modalities: direct management and PSAA.[109] PSAA has been presented in diverse Board documents and was considered at B.22. The review by an external consultant[110] also recommends clarifying the relationship that GCF seeks with AEs – as strategic partners or primarily as funding channels for project implementation.

Key lessons and *emerging* areas of recommendations

121. *Business Model:* Accreditation and direct access is central to the GCF's business model. Accreditation is an important part of the GCF's business model and mandate, and is also fundamental for direct access. However, accreditation does not guarantee alignment between the AE and the GCF's objectives overall.

122. There is a need to clarify thinking about the role of accreditation, and its suitability to GCF's current

[106] This is thought to attract a wide variety of entities that may not necessarily be relevant to the GCF.
[107] SCF/TP/2017/1 Technical paper on the sixth review of the Financial Mechanism
[108] Document GCF/B.22/14/Annex IV: Report on the review of the accreditation framework
"The GCF's risk appetite statement clearly states that the GCF is able to take considerable risk in order realise significant impact. The Board should codify further how this level of risk manifests itself in the process and Decisions on accreditation and the types of entities that the GCF is willing to accredit. This could draw upon the prioritisation of standards discussed above, in that it could codify the point at which an entity that does not meet all core requirements, but yet promises to deliver innovative projects, could be approved – based on a transparent, risk-reward scenario."
[109] The PSAA accreditation approach is consistent with the initial guiding framework for the GCF accreditation process. However, it focuses on the organization's ability to implement the proposed project/programme presented to GCF rather than a hypothetical set of projects/programmes that the entity may bring forward in the future. In doing so, this pilot framework aims to provide a more fit-for-purpose approach to accreditation in relation to the intended programming. The PSAA would simultaneously assess a project/programme and the ability of an organization to implement it.
[110] B.18/10/ III: Dalberg Report

business model. It remains to be assessed by the GCF whether accreditation is necessary for the model, or if other alternatives may exist.

123. Reforms in accreditation are necessary and already under consideration. Various models of reforms have been considered, with special emphasis on PSAA. The overall Performance Review will examine these.

124. *ISP:* The GCF Board has not yet approved a strategy on accreditation. There are no targets specified in relation to accreditation. Importantly, although the GCF Board has requested an assessment of whether AEs are shifting their portfolios in alignment with the GCF, an assessment has not taken place. It is planned to take place through re-accreditation process (yet to be established) and PSAA (yet to be adopted by the Board).

125. *Processes and structure of the Secretariat:* The GCF portfolio is increasingly diverse than initial years, but 86 percent of funding amount is still allocated to international AEs. During the period 2015-2018, while the IAE funding increased seventeen-fold, for DAEs it increased only by a factor of 7.6 over the same period (as provided by GCF/B.22/Inf.07). This indicates an area that the overall Performance Review will have to inform more deeply.

126. *Paradigm shift/scale/change/innovation:* Although the overall number of DAEs has increased in the GCF, the GCF portfolio continues to be dominated by international entities. Further, the majority of portfolio continues to be 'traditional' developmental financing pathways (grants). In other words, accreditation by itself is no guarantee that the AEs will bring forth a pipeline that will align with the GCF or create a paradigm shift.

127. *Likely impact:* The relationship between accreditation and likely impact has not been examined yet. There is some probability that accreditation is a barrier for the overall delivery of GCF results however this needs to be examined especially in the context also of the investment criteria. There is some evidence in the GCF literature to highlight that accreditation is a barrier to innovation, impact, results, involvement of the private sector, paradigm shift, a portfolio that aligns with the GCF objectives, planning for results, and risk management. To what extent this is true will need to be assessed since much of the evidence examined has low reliability. Additionally, other possible models will also need to be examined and benchmarked against.

128. *Country needs & ownership:* While it is possible that accreditation may contribute to the building of capacities amongst DAEs, this evidence is not generalizable. Importantly also, a review of accreditation found the process to be time-consuming, standards to be rigid, and process to involve duplication. The review process and its duration were shown to disadvantage the private sector and national entities, and those from non-English speaking environments and/or lacking capacities. The GCF Board has considered but not yet approved restructuring the accreditation process.

129. *Climate rationale/ambition:* It is understood that an assessment of the shift in AE's portfolio towards one that is aligned with the GCF's mandate is not currently taking place. This brings into question the suitability of accreditation for the GCF's mandate.

130. *Normative Standards:* Accreditation was designed to enable direct access to GCF resources. However, there is evidence that accreditation is a challenge in and of itself. The relationship between accreditation and country ownership also remains to be assessed. This evidence may help with improvement of the accreditation process. Additionally, the GCF should clarify the role of AEs in the business model and in delivering GCF's mandate; either as strategic partners or primarily as funding channels for project implementation. More importantly, however, it is important to consider whether the AEs are willing to create a portfolio that is aligned with the multi-faceted mandate of the GCF.

131. The GCF may also consider a closer examination of the profile and portfolio of potential AEs for alignment with the GCF's priorities. This analysis will provide information on the 'climate'

disposition of AEs and their ability and likelihood to promote a paradigm shift and support the GCF's mandate. This also warrants an examination of the 'due diligence' model, and its ability to allow for innovation. More specifically, it remains to be seen if the GCF's due diligence model, where AEs play a key part in its Risk Management Framework, limits the ability of AEs to undertake innovations, and/or constitute a potential conflict of interest. Accreditation is costly for the entity, but it also takes up GCF resources. All these questions will be examined by the overall Performance Review.

VIII. Private Sector

132. The Governing Instrument of the GCF provides that the Fund will catalyse climate finance, both public and private, and at the international and national levels. The Governing Instrument also provides for the establishment of the private sector facility (PSF) to enable the GCF to, directly and indirectly, finance private sector mitigation and adaptation activities at the national, regional and international levels. This is in response to the need for additional finance globally for climate action. Private sector is the largest pool of capital available for climate finance while multilateral funds can meet only a fraction of the need for climate finance. USD 349 billion a year is needed to implement countries' Nationally Determined Contributions (NDCs) for the next 15 years.[111] *This new and additional finance is required for climate action*, and the GCF is mandated to catalyse it.

133. Following from the Governing Instrument, the ISP identifies the *crowding-in and maximising the engagement of private sector* as a component of paradigm shift. It also identifies this among its Core Operational Priorities and includes 'maximising the engagment of the private sector' in the Action Plan. The Strategic Plan mentions private sector mobilisation in its vision, as related to paradigm shift as well as implementation of the Paris Agreement. The Action Plan, however, makes **only a modest commitment limited to two actions**:

- analyse barriers to crowding-in and maximising the engagement of the private sector, including based on a survey among private sectors actors. Contingent on the findings of this analysis, the GCF intends to develop a private sector outreach plan.
- *reconsider*[112] the extensive recommendations already provided by the PSAG, relating inter-alia to the need to undertake actions to enhance the capacity within the Secretariat, to assess the accreditation procedures for private sector entities, to enhance private sector involvement within the readiness programme and to spell out the GCF's ability to reduce currency risks."

Effectiveness of GCF private sector mobilisation

From a critical perspective, both targets in the Action Plan have been achieved, with an analysis of barriers undertaken through a survey, and consideration of PSAG recommendations by the Board. However, the effectiveness of these measures is limited (Table 18). From an institutional perspective, **these targets are clearly insufficient** to operationalise a mandate that places a strong emphasis on the private sector. The ISP sets insufficient targets with respect to the private sector. **Although the targets**

[111] Climate Policy Initiative, The Global Landscape of Climate Finance 2015, November 2016.

[112] The ISP does not state which "extensive recommendations already provided" are to be reconsidered. At B.12 and B.11, there were no agenda items on the private sector, aside from appointments. At B.10, PSAG presented a document (GCF/B.10/16 Recommendations from the Private Sector Advisory Group to the Board of the Green Climate Fund), and recommended that the GCF provide additional clarity to the private sector, use the RFP modality, proactively and reactively engage with the private sector, among other things. This document was discussed and adopted through Decision B.10/11.

are met, the resulting mobilisation of private sector finance is limited. As of March 2019[113], the private sector accounts for 41 percent of the GCF's portfolio, but as stated by the report on the implementation of the ISP[114], the projects have focused in the energy results area, while other areas such as forests, transport, adaptation services are yet untapped (see Table 18).

Table 18 Assessment of private sector related outputs identified in the ISP

OUTPUTS IDENTIFIED IN ISP	IEU ASSESSMENT OF OUTPUTS AS DEMONSTRATED THROUGH BOARD DECISIONS OR IEU EVALUATIONS
Analyse barriers to crowding-in and maximizing the engagement of the private sector	Presented to Board through GCF/B.17/03 titled "Analysis of barriers to crowding-in and maximising the engagement of the private sector, including Private Sector Advisory Group recommendations"
Survey among private sectors actors	Survey undertaken to develop the Private Sector Strategy, yet to be adopted by the Board
Develop a private sector outreach plan.	Private Sector Outreach plan welcomed and appreciated by the Board in DECISION B.19/17
Reconsider the extensive recommendations already provided by the PSAG, relating inter alia to the need to undertake actions to enhance the capacity within the Secretariat,	Not measured. While the Board has welcomed and appreciated PSAG recommendations on private sector involvement in activities in LDCs and SIDS (B.19/31) and private sector outreach plan (B.19/30), in its further guidance, the Board has requested the Secretariat to integrate/consider the recommendations into future work. As a result, the ISP output is achieved, but its effectiveness is limited.
Assess the accreditation procedures for private sector entities	Accreditation framework discussed by Board at B.22
Enhance private sector involvement within the readiness programme	RPSP is not effective in the mobilisation of private sector (IEU RPSP Evaluation)[115]
Spell out the GCF's ability to reduce currency risks	Investment risk policy adopted as part of Decision B.19/04

134. The GCF's Request for Proposal (RfP) modality is considered to be one of the key access instruments to mobilise the private sector. By Decision B.10/11, the Board noted that the use of RfPs is complementary and not a substitute for proposals submitted to the GCF by Accredited Entities and NDAs or Focal Points. Submissions responding to RFPs have been considered and have used the Fund's proposal approval process.[116] So far, the Board has approved and launched four RfPs:

- Pilot phase enhancing direct access programme: By Decision B.10/04, initially up to USD 200 million approved for at least 10 pilots, including at least four pilots to be implemented in SIDS, LDCs, and African states.
- Micro-, Small and Medium-sized Enterprises (MSME) Pilot programme: By Decision B.10/11, Board allocated up to USD 200 million over the IRM in tranches. In B.13/22 the Board limited the first pilot programme to USD 100 million.
- Mobilising funds at scale pilot programme: By Decision B.10/11, the Board also established a pilot programme to mobilise resources at scale, allocated up to USD 500 million over the IRM in tranches.

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[113] GCF Portfolio Dashboard, data as of March 11, 2019 https://www.greenclimate.fund/what-we-do/portfolio-dashboard
[114] GCF/B.22/Inf.13 states: "These projects have so far been relatively focused in the energy results area, including market-opening investments in renewables and access to finance for clean energy businesses. There is emerging potential for private sector investment in areas such as forests, transport and adaptation services, as well as yet-untapped potential to attract greater institutional investment into climate action."
[115] RPSP Evaluation concludes: "While ad hoc progress is underway with RPSP support, RPSP activities are not yet contributing much to the development of domestic policies and institutions that improve the incentive environment for crowding-in private-sector investment. So far, the programme is contributing little in terms of structurally transforming the global system to encourage climate-sensitive private sector investment."
[116] Related Decisions: B.10/04, para. (e), B.13/32, B.13/22, paragraph (e)

– Pilot programme for REDD-plus results-based payments: Most recently by Decision B.18/07, the Board allocated up to USD 500 million for the pilot programme for REDD-plus results-based payments.

According to data presented during B.22, from a cumulative allocation of USD 1.3 billion for 4 RFPs, a total of USD 70 million were approved, across 4 projects (please refer, Table 19 below). This data was further updated with two details: during B.22 the GCF Board approved a project under the REDD+ RFP, and disbursement data were provided by the IEU DataLab. This shows that of the **USD 1.3 billion allocated for RFPs since B.10, a total of USD 28.5 million (2.2 percent) have been disbursed. With key barriers not addressed, the RfPs have had limited effectiveness.** RFPs are expected to be reviewed at B.23 (Table 23).

Table 19 Portfolio of Request for Proposal Modalities as Presented at B.22, and further updated by IEU DataLab[117]

Request for Proposal	Board Decision of Approval		Allocation	Pipeline	Approved	Disbursed
Enhanced Direct Access (EDA)	B.10/04	Budget	200 M	207 M	30 M	8.4 M
		Number of Proposals and/or Concept Notes	10+	11	2	1
Micro, small, and medium-sized enterprises I (MSME I)	B.10/04	Budget	100 M	674 M	40 M	20.1 M
		Number of Proposals and/or Concept Notes	n/a	23	2	1
Mobilising Funds at Scale (MFS)	B.10/04	Budget	500 M	2.7 B	None	None
		Number of Proposals and/or Concept Notes	n/a	30	None	None
REDD – Plus	B.18/07	Budget	500 M	115 M	96.4 M	None
		Number of Proposals and/or Concept Notes	3+	3	1	None
Total		Budget	**1.3 billion**		**70 M**	**28.5 M**
		Number of Proposals and/or Concept Notes			**4**	**2**

135. RPSP was expected to support the mobilisation of the private sector, but has had limited effectiveness (Table 20 and Table 21). Of the 165 RPSP grants analysed by the IEU RPSP Evaluation, **41 percent had expected outcomes related to private sector mobilisation; nearly 60 per cent had expected results regarding private sector mobilisation while only 30 per cent had expected results related to crowding-in private sector investment.**

[117] This data is based on the information made available during the B.22, and is updated further from the Board document. Video accessed from: https://www.greenclimate.fund/boardroom/board-meetings/video-recordings?iframeSrc=/b22/events/2019-02-26-07-00-green-climate-fund-22th-meeting-of-the-board/11-status-of-gcf-resources-and-portfolio-performance on February 26, 2019 Other details are available in the document GCF/B.22/Inf.06/Rev.01 Status of the GCF pipeline, including the status of Project Preparation Facility requests. Data on disbursement is made available by IEU DataLab.

Table 20 Approved RPSP related to crowding-in private sector investment, by country type[118]

	GRANTS WITH EXPECTED RESULT REGARDING ENABLING ENVIRONMENT FOR CROWDING-IN PRIVATE-SECTOR INVESTMENT AT NATIONAL, REGIONAL AND INTERNATIONAL LEVELS		
COUNTRY CLASSIFICATION	TOTAL # OF GRANTS	# OF GRANTS WITH EXPECTED RESULT RELATED TO CROWDING-IN PRIVATE SECTOR INVESTMENT (COUNT)	PROPORTION OF GRANTS WITH EXPECTED RESULT RELATED TO CROWDING-IN PRIVATE SECTOR INVESTMENT (%)
Africa	60	13	21.7
LDC	53	10	18.9
SIDS	41	12	29.3
LDC, SIDS, Africa	108	28	25.9
Other	57	21	36.8
All	165	49	29.7

Source: IEU DataLab, as cited in Independent Evaluation Unit (2018) *Report of the independent evaluation of the Readiness and Preparatory Support Programme.* Final Report, Green Climate Fund. Songdo, South Korea

136. Of the RPSP grants analysed through the IEU database, the effectiveness was more limited as demonstrated by survey data. Only 30 per cent of the NDA/FP respondents agreed with the statement that RPSP support had enabled the development of a suitable policy environment for crowding-in private sector investment; higher percentage of respondents from countries other than LDC/SIDS/Africa demonstrated agreement (see Table 21). **Overall, the RPSP evaluation concluded that as a result of the RPSP supported NDA/FP activities, there was limited encouragement, enabling and/or facilitation of private sector engagement, but RPSP support had significantly less impact on the policy environment in which this takes place.**

Table 21 NDA/FPs survey responses related to crowding-in private sector investment, by country type

	RESPONSE RATE WHEN ASKED IF RPSP SUPPORT HAS ENABLED THE DEVELOPMENT OF A SUITABLE POLICY ENVIRONMENT FOR CROWDING-IN PRIVATE SECTOR INVESTMENT (%)						
COUNTRY CLASSIFICATION	STRONGLY DISAGREE	DISAGREE	NEITHER AGREE NOR DISAGREE	AGREE	STRONGLY AGREE	NOT APPLICABLE	STRONGLY DISAGREE
Africa	15	0	13.3	26.7	13.3	0	46.7
LDC	12	0	16.7	16.7	8.3	0	58.3
SIDS	7	0	0	42.9	14.3	0	42.9
LDC, SIDS, Africa	23	0	8.7	30.4	13.0	0	47.8
Other	17	0	0	11.8	47.1	5.9	35.3
All	40	0	5	22.5	27.5	2.5	42.5

Source: Independent Evaluation Unit (2018) *Report of the independent evaluation of the Readiness and Preparatory Support Programme.* Final Report, Green Climate Fund. Songdo, South Korea

Barriers to private sector mobilisation

137. To draft the PSF Strategy, the consultants recruited by the Secretariat collected data through a survey of 44 NDAs, and interviews with 16 respondents, besides desk research. The exercise also includes

[118] The number of approved grants is current up to 15 May 2018. Disbursement is current up 13 July 2018. Rows on 'Africa', 'LDC' and 'SIDS' have countries that are included in more than one category. The row on 'LDC, SIDS, Africa' does not. Countries can get more than one RPSP grant.

interviews with 60 entities, besides financial sector mapping with 177 entities. It is too early for the IEU to comment on this strategy but it will be important to see how implementation takes place. Using this analysis, the GCF's draft PSF Strategy Roadmap concludes that most countries have begun to consider the role of the private sector. **Most people acknowledge the role of the private sector but are unclear about how to involve the private sector**. This document posits that the barrier against the mobilisation of the private sector is at the NDA level and GCF's structures. To wit, challenges with the engagement of private sector are at two levels: a) the mandate of the GCF includes delivering in pre-commercial contexts where private sector alone is not enough, b) there are gaps within the GCF's architecture:

GCF works in pre-commercial contexts. The PSAG has variously discussed challenges specific to the SMSE, Forestry, Adaptation, LDC/SIDS. Many sector/context specific challenges and barriers[119] are identified by the consultants and PSAG, and the common challenges include: (a) policy and regulatory barriers; (b) Access to climate finance and local markets barriers; (c) affordability and technology barriers; (d) Knowledge and education barriers; and (e) Region and country-related barriers.

The main **challenge within the GCF is accreditation.** The analyses indicate that RfPs are faced with a challenge when **successful agencies are not able to achieve accreditation**. In another instance, community organisations and MSMEs lack knowledge, time, and capacity to deal with complex proposal and approval process. The other challenge within the GCF relates to processes. A PSAG document states: "**processes are long and timelines as well as outcomes, at least for outsiders, completely unpredictable. This is incompatible with the needs of private borrowers who expect decisions within weeks when, for example, they are dealing with private banks**. The GCF with its months- or years-long procedures risks limiting the pool of potential clients".[120]

138. However, it should be noted that many reports of the PSAG do not provide evidence for the recommendations but are based on discussion among the members. While highly specific and actionable, these recommendations have limited credibility. **Furthermore, they don't examine trade-offs with respect to other strengths that the current accreditation model may bring that will also be examined and highlighted by the overall Performance Review**.

139. In response to the above challenges, several recommendations are made by the PSAG on the basis of a workshop with representatives from LDCs, SIDS and CSOs.[121] While this PSAG report provides logical explanations for each recommendation, it does not provide specific evidence to support the recommendations. In the absence of evidence, the recommendations are not considered credible or actionable as noted in Table 22.

[119] GCF/B.17/03 titled "Analysis of barriers to crowding-in and maximizing the engagement of the private sector, including Private Sector Advisory Group recommendations"
[120] PSAG recommendations on the development of a private sector outreach plan GCF/B.19/30
[121] PSAG recommendations GCF/B.19/31

Table 22 Critical assessment of recommendations made by the PSAG

RECOMMENDATION [122]	IEU APPRAISAL	OVERALL IEU ASSESSMENT OF RECOMMENDATIONS
(i) Creating an enabling environment; to be implemented through RPSP	RPSP has limited effectiveness in mobilising the private sector . Most barriers for private sector engagement are beyond the scope of RPSP, which addresses capacity issues.	Low actionability
(ii) Demand aggregation	The suggestion to work with partners is not possible without a critical mass of private sector AEs, and existing challenges in accreditation.	Not sufficient, low actionability
(iii) Market activation	Building capacity can be undertaken with RPSP, but RPSP has low effectiveness when it comes to the private sector.	High actionability, low sufficiency
(iv) Innovative financing structures and modalities	Without clarity from the GCF about diverse access modalities, this recommendation is not practical.	Low practicability, actionability
(v) Modalities for working with the private sector (this is addressed in more detail under accreditation)	Interaction among PSF and accreditation panel may not resolve the challenge of accreditation.	Highly actionable, but low sufficiency
(vi) Targeted Request for Proposals.	RfPs have limited success.	Low credibility and low sufficiency

140. At the same time, the PSAG recommends communicating these improvements to the private sector and create the perception of a welcoming GCF architecture. This outreach plan was welcomed and appreciated by the Board (B19/17), and its inclusion was requested in the outreach activities. The effectiveness of the inclusion of private sector-specific approaches in Structured Dialogues is also not assessed. In addition, the GCF Board has not yet approved the following policies related to Funding Proposals[123]:

- Restructuring and cancellation policy
- Incremental cost and full cost methodologies
- Options for further guidance on concessionality
- Policy on co-financing
- Options for the Development of a two-stage approval process for GCF funding proposals
- Further options for decision making including on funding proposals
- Review of financial terms and conditions of GCF financial instruments
- Mapping of elements related to project or programme eligibility and selection criteria
- Identification of results areas where targeted investment would have the most impact
- Definition and scope of second level due diligence
- Programmatic approach to funding proposals
- Guidance on approach and scope for providing support to adaptation activities.
- Additionally, a review of RFPs is currently scheduled for B.23. Related to this, the UNFCCC has requested developing modalities to support activities enabling private sector involvement in LDCs and SIDs (UNFCCC Decision 10/CP.22, para. 11). Furthermore, PSAG recommendations

[122] PSAG recommendations GCF/B.19/31
[123] An integrated approach to addressing policy gaps to ensure climate impact: an overview of policies related to the consideration of funding proposals, GCF/B.21/INF.01 and GCF/B.20/18

to mobilise the private sector in adaptation and forestry are pending.

Table 23 Salient Board documents related to the private sector and follow-up

Board Document	Title	Summary of Decision	Follow up
Decision B.22/02	Revised workplan of the Board for 2019	Review of the initial modalities of the Private Sector Facility including: • Consideration of a Private sector strategy • Consideration of modalities to support activities to enable domestic and international private sector actors to engage in GCF activities in LDCs and SIDS (Decision B.19/18, para. (b), and B.20/03, para. (b)(vi)) • Consideration of PSAG recommendations to engage the private sector, including local actors, in adaptation action at the national, regional and international levels (Decisions B.15/03, para. (i)(ii); B.17/06, para (d)(ii)); and B.21/04, para. (c)(ii) • Review of the MSME pilot Decision B.10/11, para.(i); and Presentation of TOR for request(s) for proposals for the remainder of the allocation for the MSME pilot programme (Decision B.13/22, para. (f)) • Review of the Moblizing Funding at Scale pilot programme in order to address adaptation and mitigation Decision B.10/11, para.(i) • Mobilisation of private sector finance to progress GCF forestry-related results areas 5 (Decisions B.12/07, para. (f); B.BM - 2017/02; and B.17/01, para. (b) (xxi))	Expected to be reviewed at B.23
Decision B.19/17	PSAG recommendations on the development of a private sector outreach plan	Document was welcomed and appreciated. Secretariat to incorporate the recommendations into its strategic road map for leveraging, mobilising and engaging domestic and international private sector actors, the GCF's communication strategy. Secretariat to consider including a private sector outreach focus as part of the regional GCF structured dialogues.	No specific agenda
Decision B.19/18	PSAG recommendations on the development of modalities to support activities enabling private sector involvement in LDCs and SIDS	Document was welcomed and appreciated. The Board requested the Secretariat to develop modalities to support activities to enable domestic and international private sector actors to engage in GCF activities in LDCs and SIDS for consideration by the Board at B.20. Secretariat to identify and facilitate the development of funding proposals targeting LDCs and SIDS which involve innovative financing structures or modalities Board to take into account the recommendations from the PSAG, when (i) revising policies, programmes and processes, and (ii) approving work plans and budgets relevant for private sector engagement.	Postponed to B.23
Decision B.18/01	Work Plan of the Board for 2018: Proposal by the Co-chairs	For B.19: Consideration of PSAG recommendations on the development of modalities to support activities enabling private sector involvement in LDCs and SIDs (UNFCCC Decision 10/CP.22, para. 11); and	Postponed to B.23
		For B.19: Presentation of PSAG recommendations on the development of a private sector outreach plan	Welcomed and appreciated at B.19

Board Document	Title	Summary of Decision	Follow up
		For B.20: Mobilisation of private sector finance to progress GCF forestry-related results areas For B.20: Guidance and scope for providing support to adaptation activities: Support for adaptation activities, including Private sector in adaptation	Pending
Decision B17/06	Analysis of barriers to crowding-in and maximising the engagement of the private sector, including Private Sector Advisory Group recommendations	Analysis was welcomed by the Board. Secretariat to integrate the analysis and recommendations into the future work of the Private Sector Facility.	No specific agenda
		PSAG to provide recommendations, in accordance with Decision B.15/03, paragraph (i), to the Board at its eighteenth meeting on: (i) The development of modalities to support activities enabling private sector involvement in the Least Developed Countries and Small Island Developing States; and (ii) Opportunities to engage the private sector, including local actors, in adaptation action at the national, regional and international levels; and	Postponed to B.23
		Secretariat to provide recommendations for modalities to fast-track the accreditation of private sector entities by B.19.	Not undertaken

Key lessons and *emerging* areas of recommendations

141. *Business Model:* The role of private finance is critical to meet the GCF's mandate. Encouragingly there is a general acknowledgement across the GCF of the role of the private sector but most people are unclear about how to involve the private sector. The challenges relate to the GCF's work across pre-commercial contexts. Accreditation emerges a major point within the business model, which creates a challenge facing the mobilisation of private sector.

142. Currently, there is not enough evidence to show that the business model is relevant and sufficient for the GCF to shift climate finance in developing countries. This entails a complete analysis of trade-offs and effectiveness of the business model in mobilising and crowding funds at scale, hurdles to further effectively engage and cooperate with private sector actors, if the Fund is supporting the right private sector climate projects; and if the investment actually requires support from the GCF in the first place. There are some examples of innovation within the GCF portfolio, for instance, a project approved at B.21 proposes to scale up climate finance, redirect financial flows, and reinforce the capacity of local partners, particularly through local partner financial institutions that do not work directly with the GCF. Such experiences will be further assessed in the overall Performance Review.

143. *ISP:* The ISP and its Action Plan, however, make only a modest commitment limited to two actions. The ISP, although ambitious in vision generally, is insufficient with regard to private sector. Although the targets are met, they have resulted in limited outcomes as the resulting mobilisation of private sector finance is limited.

144. *Processes and structure of the* Secretariat: The GCF's processes are viewed by the private sector as long, and unpredictable. This is incompatible with needs of private borrowers who expect decisions within weeks if approaching, for example, private banks.

145. *Paradigm shift/scale/change/innovation:* RFPs were expected to be a modality for the GCF to drive catalytic change. Yet, of the USD 1.3 billion set aside for four RFPS, a total of 70 million is approved over the course of the GCF. Since B.10, a total of USD 28.5 million (2.2 percent) have been

disbursed under the RFP, despite strong interest in the modality. While the key challenges to private sector engagement remain, RFPs have not been effective. The causes and bottlenecks need to be examined deeply.

146. *Likely impact:* There is very little available documented information within the GCF. The 2018 Biennial Assessment and Overview of Climate Finance Flows (BA) prepared by the UNFCCC SCF estimates that total climate finance flows in 2016 were USD 681 billion. This is an increase of 17% over 2013-14, but is still modest compared to fossil fuel investment of USD 742 billion over the same period. In the same period, USD 2.4 billion was channeled through UNFCCC (1.6) and other multilateral (0.8) climate funds, including the GCF. Private sector is the largest pool of capital available for climate finance while multilateral funds can meet only a fraction of the need for climate finance. This new and additional finance is required for climate action and is a stated mandate of the GCF. The SCF report refrains from making direct recommendations to the GCF, yet it is clear that the GCF will have to create the structures and take on risks to support innovation, use a variety of financial instruments and catalyse action. GCF is further expected to be catalytic, risk-taking, promoting scale-up and innovation. The effectiveness of the GCF to do so, in not clear.
147. *Country needs & ownership:* The RPSP provided support to NDA/FP activities for the mobilisation of private sector. This resulted in limited encouragement, enabling and/or facilitation of private sector engagement in countries, but RPSP support had significantly less impact on the policy environment in which this takes place.
148. *Climate rationale/ambition:* There is very little available documented information.
149. *Normative standards:* The Governing Instrument identifies private sector as a priority and provides for the establishment of the PSF. The private sector represents the largest pool of capital available for climate finance while multilateral funds can meet only a fraction of the need for climate finance. This new and additional finance is required for climate action, and is a stated mandate of the GCF. The GCF is further expected to be catalytic, risk-taking, promoting scale-up and innovation. Yet, it is not clear whether it is effective.
150. GCF policies and procedures will have to align with those of the private sector, for effectiveness. Bottlenecks (such as accreditation) and procedural challenges (such as review time) are clearly identified in GCF documents and will be reviewed for their relevance, trade-offs and sufficiency in the overall business model in the overall Performance Review.
151. The GCF may have to be more proactive, as some key Board Decisions and reviews are postponed for many Board Meetings and have delayed Decisions for the private sector. When and if improvements are made in the transparency of and access to the GCF, this will need to be communicated to the private sector, and social capital will have to be rebuilt. Ensuring the GCF is perceived as fully-working and functioning may be critical for engaging with the private sector.

IX. MEASUREMENT AND REPORTING

152. At its 5th meeting, the GCF Board decided that 'the Fund's Results Management Framework will:

a) enable effective monitoring and evaluation of the outputs, outcomes and impacts of the Fund's investments and portfolio, and the Fund's organisational effectiveness and operational efficiency;

b) include measurable, transparent, effective and efficient indicators and systems to support Fund's operations, including inter alia, how the Fund addresses economic, social and environmental development co-benefits and gender sensitivity'.[124]

153. The Board also decided that 'lessons learned will feed back into the design, funding criteria and implementation of Fund activities, based on results'.[125] Through DecisionDecision B.07/04 the GCF Board adopted elements of the initial Results Management Framework. The primary organising construct of the Results Management Framework are the levels of the mitigation and adaptation logic models (paradigm-shift objective, Fund-level impact, project/programme-level outcome), and the corresponding result areas. Through the same Decision, the GCF Board approved four Fund-level impact indicators, called core indicators.[126] For mitigation projects and programmes, Board-approved Fund-level core impact indicators are:

a) Tonnes of carbon dioxide equivalent (tCO2eq) reduced as a result of Fund-funded activities;

a) Cost per tCO2eq decreased for all Fund-funded mitigation projects/programmes;

b) Volume of finance leveraged by Fund lending, disaggregated by public and private sources;

c) For adaptation projects and programmes Board-approved Fund-level core impact indicators are:

d) Total number of direct and indirect beneficiaries; and number of beneficiaries relative to total population.

154. At B.08, additionally to the core impact indicators, which apply to all projects and programmes, four impact and three outcome indicators were approved for mitigation impact and outcome result areas, and four impact and one outcome indicator were approved for adaptation result areas. In addition to these approved indicators, 20 other outcome or impact indicators were noted by the Board, but not approved.[127]

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[124] GCF/B.05/23/Decision B.05/03
[125] GCF/B.05/23/Decision B.05/03
[126] GCF/B.07/11/Decision B.07/04/(c)-(d)
[127] GCF/B.08/45/Decision B.08/07/(a) and GCF/B.08/45/Annex VIII

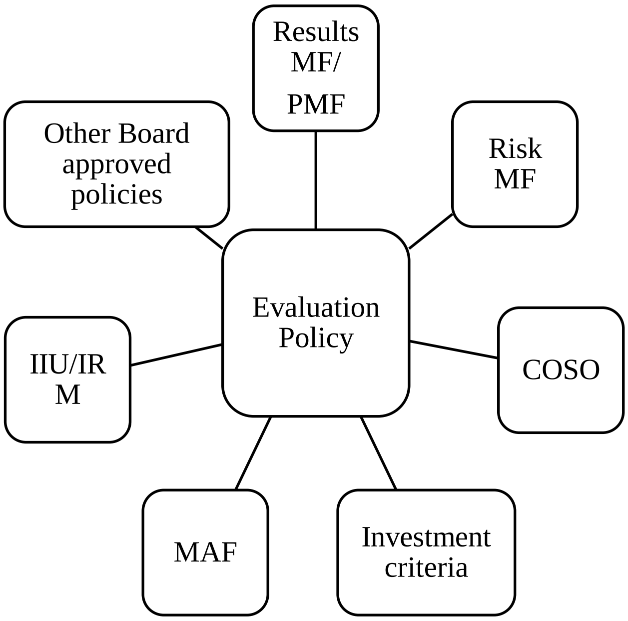

Figure 5 Relationship between the Evaluation Policy and other GCF frameworks

Source: Draft GCF Evaluation Policy

Frameworks

155. In addition to the above, the Board adopted through Decision B.09/05 the Initial investment framework sub-criteria and assessment factors, which all GCF investments are expected to inform. In addition, the Performance Measurement Frameworks (although this is is only partially adopted), the Investment Framework, and the Risk Management Framework have been put into place. Country and entity programmes are also expected to contribute (potentially) to a programmatic approach for activities of GCF. The monitoring and accountability framework for accredited entities defines roles, responsibilities and instruments for monitoring and reporting GCF investments. The Risk Management Framework establishes the roles related to the management of risks.

156. The IEU`s Independent RMF Review assesses the sufficiency of the results management framework of the GCF. This study found that **the RMF does not have a clear or consistent causal logic** that can guide projects in the design of operations that may contribute to long-term change. **The RMF's underlying logic models are incomplete and inconsistent and many result areas are misclassified**. The IEU study also highlights the **absence of guidance on result indicators and how they may be used or informed.** This is corroborated by the IEU Evaluability Assessment that shows **two-thirds of the projects' funding proposals** and **the causal pathways leading to the desired impacts of the projects either were not very well discussed or were unclear (Table 24)**.

Table 24 IEU Evaluability Assessment of Funding Proposals

	Adaptation	Mitigation	Cross-cutting
TOC and discussion of causal pathways			
Are causal pathways clearly identified and discussed?			
% tht inform them well	24	41	44
% that inform them moderately well	39	44	44
% that don't inform them well at all	37	15	12
How robust are the causal linkages (implicit or explicit) and are they well informed by high-quality evidence?			
% tht inform them well	24	37	44
% that inform them moderately well	44	26	32
% that don't inform them well at all	32	37	24

Source: Fiala, N., Puri, J, and Mwandri, P. (2018). *Becoming bigger, better, smarter: A summary of the evaluability of Green Climate Fund proposals.* IEU Working Paper, Green Climate Fund. Songdo, South Korea

157. **The IEU's Independent RMF Review also found that RMF guidance on impact indicators is general and not useable. The report finds that the indicators for paradigm** shift, under both mitigation and adaptation, are non-specific and inadequate for quantification, tracing or aggregation.

158. **Adaptation as an indicator is ill-defined and the contributions of the GCF are confounded consequently. Indeed,** the *core* adaptation indicator in the RMF is "The total number of direct and indirect beneficiaries; (and) number of beneficiaries relative to total population". **However, there is no further guidance on how to calculate the number of** direct beneficiaries. **This results in an indicator that does not capture the purpose of the indicator.** For instance, the study found five projects based their calculation of project beneficiaries of 'actual population', with the assumption that financed intervention was available to all residents. The IEU's Independent RMF Review found such conclusions to be unrealistic and not credible.

159. Similarly, and as stated in the chapter on paradigm shift, the mitigation model does not account for key enabling conditions for a paradigm shift. Like adaptation, mitigation indicators do not provide specific guidance generally speaking, and are not aggregable because they do not use methodologies that are comparable or consistent. **Co-benefits of climate are often referred to, but rarely measured in the global Decision-making frameworks, including the GCF**. For instance, illustrating the co-benefits[128] of adaptation and mitigation measures the IPCC finds significant co-benefits of adaptation and mitigation.[129]

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[128] IPCC defines co-benefits as: "The positive effects that a policy or measure aimed at one objective might have on other objectives, thereby increasing the total benefits for society or the environment. Co-benefits are often subject to uncertainty and depend on local circumstances and implementation practices, among other factors. Co-benefits are also referred to as ancillary benefits."

[129] IPCC, 2014: Summary for policymakers. In: Climate Change 2014: Impacts,Adaptation, and Vulnerability. Part A: Global and Sectoral Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change [Field, C.B., V.R. Barros, D.J. Dokken, K.J. Mach, M.D. Mastrandrea, T.E. Bilir, M. Chatterjee, K.L. Ebi, Y.O. Estrada, R.C. Genova, B. Girma, E.S. Kissel, A.N. Levy, S. MacCracken, P.R. Mastrandrea, and L.L.White (eds.)]. Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA, pp. 1-32.
The IPCC report states:
"A first step towards adaptation to future climate change is reducing vulnerability and exposure to present climate variability (high confidence). *Strategies include actions with co-benefits for other objectives*. Available strategies and actions can increase resilience across a range of possible future climates while helping to improve human health, livelihoods, social and economic well-being, and environmental quality."
"Significant co-benefits, synergies, and trade-offs exist between mitigation and adaptation and among different adaptation

The literature has developed methodologies for the assessment of co-benefits.[130] However, the GCF's RMF does not clearly account for all co-benefits of projects. As stated previously, the Investment Criteria Framework does not provide sufficient guidance. For instance, they do not account for the critical dimensions of a paradigm shift. The IEU's Independent RMF Review further finds that a) the Board documents and frameworks are not linked to one another, b) there is inconsistency in the choice and interpretation among the Secretariat staff related to the use of frameworks for management and reporting. Furthermore, **links between adaptation and the private sector are discounted**. For instance, the RMF does not acknowledge the role of micro-loans in the adaptation logic model, otherwise an often-used instrument by the private sector. Nor does the RMF recognise the business model or capacity needs of equity funds that can support technological change. **The IEU's Independent RMF Review concludes that this is possibly leading to marginalising the role of the private sector in adaptation.**

Likely impacts

160. A document presented at B.22[131] discusses areas of strategic programming, and among other things, is guided by ambitious mitigation and adaption scenarios for the next strategic period. The document presents two cases:

a) **'Continuing business'** analysis. If the IRM performance of the GCF is maintained (including programming between USD 3-5 billion per year), the GCF could deliver between 3.3 to 5.1 Gt of CO2eq reduced or avoided (around 500 Mt CO2eq for each billion invested in mitigation), assuming an average portfolio co-financing ratio of 2.6. This may reach between 732-933 million beneficiaries.

b) **'Upper frontier' analysis** for ambitious programming. For a global pathway well below 2ºC, the GCF would have to double its mitigation impact, to 5.1 to 9.6 GT (between 700-1100 Mt CO2eq for each billion invested in mitigation), by increasing the cost-effectiveness of its interventions and/or expanding co-financing.

A corollary of the document is that even if all of **the claimed impacts were achieved, the GCF's overall impact is not consistent with the global pathway well below 2ºC, as envisaged in the Paris Agreement**. However, even though the document identifies several limitations and is conservative in approach, its analysis is not considered credible or sufficient for the reasons described below.

161. Firstly, the GCF's portfolio is unevenly distributed. **In terms of regions, the IEU Evaluability Assessment finds that the bulk of GCF investments are focused in Asia, followed by Africa, for**

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responses; interactions occur both within and across regions (very high confidence). Increasing efforts to mitigate and adapt to climate change imply an increasing complexity of interactions, particularly at the intersections among water, energy, land use, and biodiversity, but *tools to understand and manage these interactions remain limited*. Examples of actions with co-benefits include (i) improved energy efficiency and cleaner energy sources, leading to reduced emissions of health-damaging climate-altering air pollutants; (ii) reduced energy and water consumption in urban areas through greening cities and recycling water; (iii) sustainable agriculture and forestry; and (iv) protection of ecosystems for carbon storage and other ecosystem services." [italics added]

[130] A recent study provides a typology of co-benefits of energy-based mitigation policies identified in the literature as: health impacts (outdoor air pollution related, indoor air pollution related, energy poverty related, outdoor noise related, transport and traffic related, and heat island related), access, affordability, and energy poverty (access to modern energy services, affordability of energy services), comfort and living conditions (thermal comfort, increased other comfort, exposue to noise), provision of ecosystem services, damage to building materials, productivity (performance of individuals and organizations, crop yields), energy security, and macroeconomic effects. Source: Ürge-Vorsatz, D., Herrero, S. T., Dubash, N. K., & Lecocq, F. (2014). Measuring the co-benefits of climate change mitigation. *Annual Review of Environment and Resources*, *39*, 549-582.

[131] GCF/B.22/Inf.12 Strategic Programming for the Green Climate Fund First Replenishment

both adaptation and mitigation (**Error! Reference source not found.**). In adaptation, the leading impact area was enhanced livelihoods of the most vulnerable people, communities, and regions, while that for mitigation was energy access and power generation.

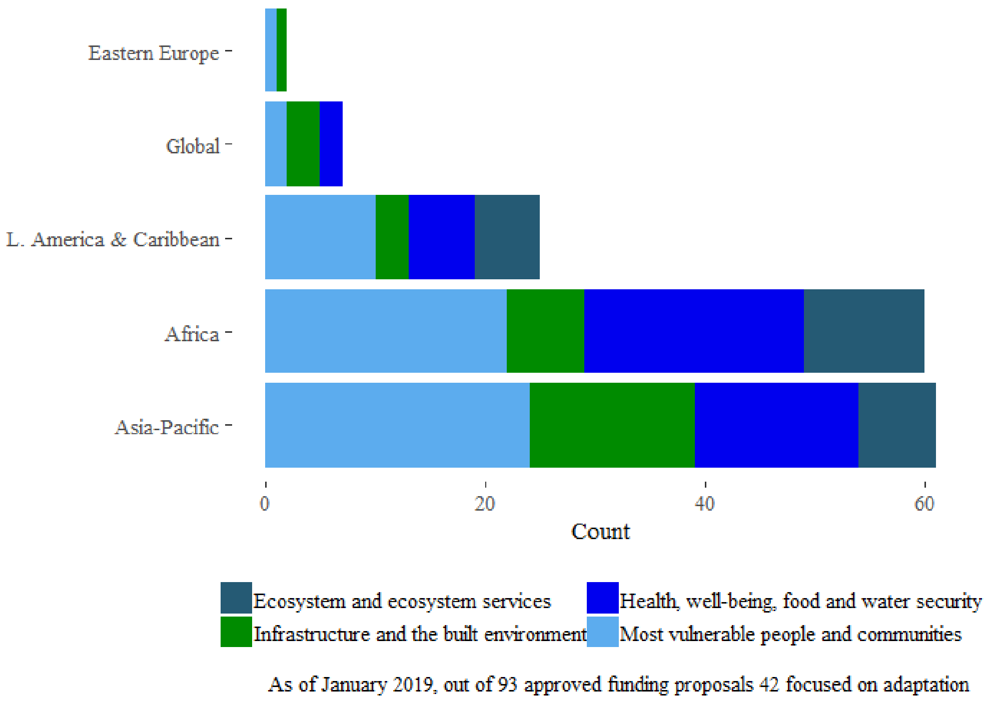

Figure 6 Result areas for adaptation projects by region, as of January 2019

Source: Fiala, N., Puri, J, and Mwandri, P. (2019). *Becoming bigger, better, smarter: A summary of the evaluability of Green Climate Fund proposals*. IEU Working Paper No. 2, Green Climate Fund. Songdo, South Korea

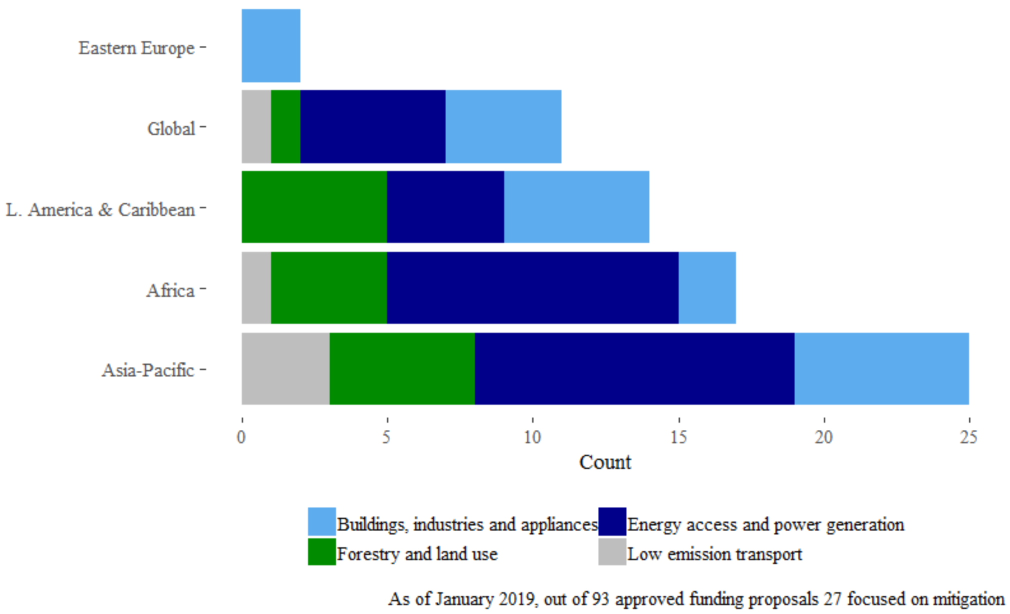

Figure 7 Result areas for mitigation projects by region, as of January 2019

Source: Fiala, N., Puri, J, and Mwandri, P. (2019). *Becoming bigger, better, smarter: A summary of the evaluability of Green Climate Fund proposals*. IEU Working Paper No. 2, Green Climate Fund. Songdo, South Korea

162. According to data presented in the IEU Evaluability Study, the total investment from all sources for

all proposals is USD 16.2 billion, as of January 2019 (Table 25 and Figure 8). As stated above, the largest investment is in the Asia–Pacific and Africa regions, with USD 4.8 billion and USD 3.7 billion respectively. Also according to the IEU Evaluability Study, as of January 2019, the total amount committed by the GCF is USD 4.7 billion. The GCF's funding will cover 29 percent of the total finance required.

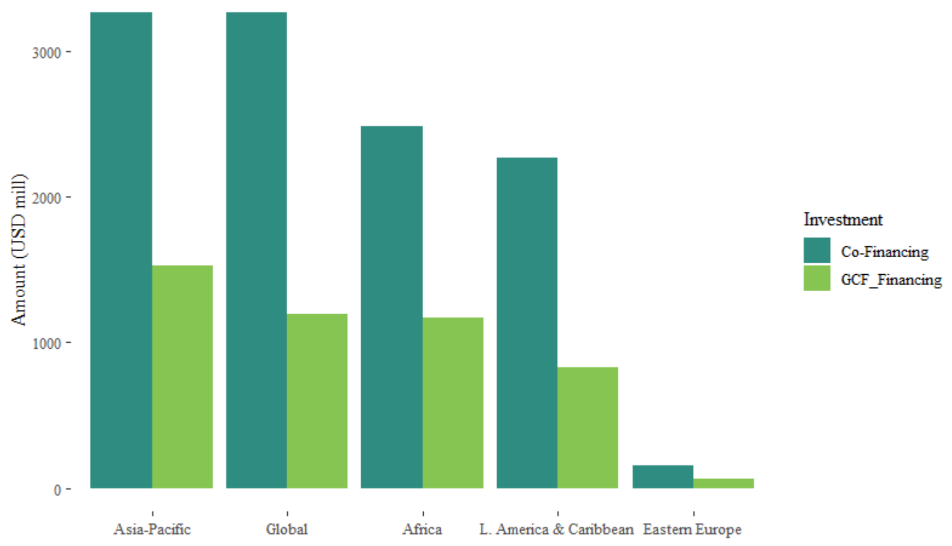

Figure 8 Comparison between GCF investment with Co-financing

Source: Fiala, N., Puri, J, and Mwandri, P. (2019). *Becoming bigger, better, smarter: A summary of the evaluability of Green Climate Fund proposals*. IEU Working Paper No. 2, Green Climate Fund. Songdo, South Korea

Table 25 Comparison between GCF investment with total amount of the projects

Region	GCF Investment (in million $)	Total Amount (in million $)
Africa	1,172.4	3,655.3
Asia-Pacific	1,526.8	4,791.9
Eastern Europe	64.4	222.68
Global	1,196.04	4,458.6
Latin America & Caribbean	825.7	3,094.4
Total	**4,785.3**	**16,222.9**

Source: Fiala, N., Puri, J, and Mwandri, P. (2019). *Becoming bigger, better, smarter: A summary of the evaluability of Green Climate Fund proposals*. IEU Working Paper No. 2, Green Climate Fund. Songdo, South Korea

163. Secondly, the assessment of scenarios is based on the GCF's portfolio data. The latest portfolio dashboard data provided by the GCF suggests that across 102 projects there would be 276 million beneficiaries, and 1.5 billion tonnes of CO2 equivalent avoided (accessed on March 22, 2019). However, **this Synthesis Study does not find the claim of the scenarios assessment to be credible,** on the basis of **evidence presented from IEU reviews**. The IEU finds that there are specific challenges related to reporting of results, with serious risks for reputation and credibility.

164. Thirdly, and importantly, the IEU Evaluability Assessment review finds that out of the 74 projects reviewed, only 45 had indicators that mapped to all result areas that they were targeting. The other projects missed indicators in one or more result area. In other words, the IEU's Independent RMF Review found that nearly 40 percent projects would not be able to demonstrate all impacts in the result areas (Figure 9). In terms of the GCF's **investment, the study reviewed GCF's committed USD 3.5 billion and found that up to USD 1.3 billion projects may not be able to report on indicators and results, with severe gaps in impact indicators for investment worth USD 800 million** (Figure 10). Such errors

were made more often by small projects, those proposed by international AEs, and adaptation projects.

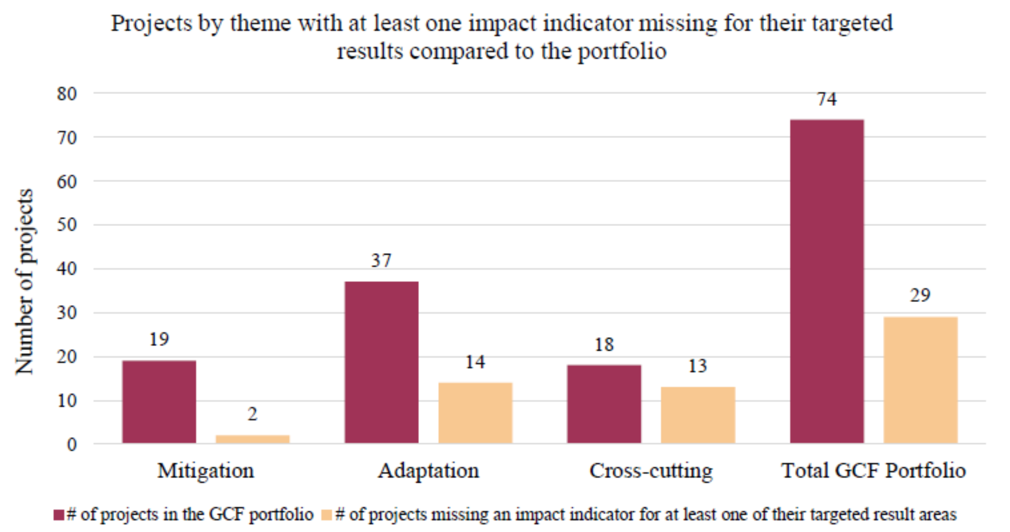

Figure 9 Projects by theme with at least one impact indicator missing for their targeted results

Source: Fiala, N., Puri, J, and Mwandri, P. (2019). *Becoming bigger, better, smarter: A summary of the evaluability of Green Climate Fund proposals*. IEU Working Paper No. 2, Green Climate Fund. Songdo, South Korea

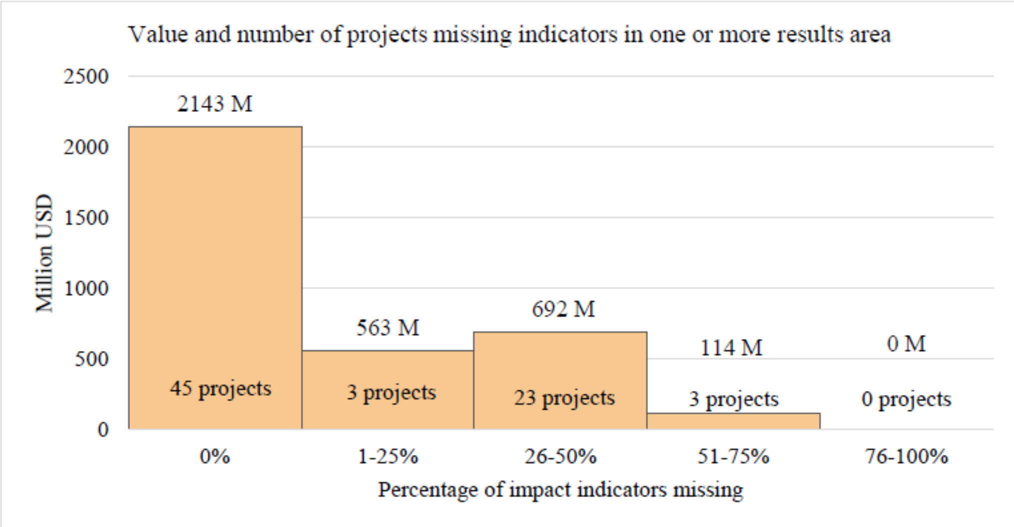

Figure 10 Value and number of projects missing impact indicators as a percentage of the number of areas as indicated in submitted and approved proposals

Source: Fiala, N., Puri, J, and Mwandri, P. (2019). *Becoming bigger, better, smarter: A summary of the evaluability of Green Climate Fund proposals*. IEU Working Paper No. 2, Green Climate Fund. Songdo, South Korea

165. Fourthly, the IEU Evaluability Assessment found that a majority of Funding Propsals do not have well defined TOCs and many do not have good quality evidence, and suffer from `the last mile problem i.e. do not consider whether there will be uptake/demand at the beneficiary level. The IEU Evaluability Assessment also found among the reviewed project: 31 percent are at high risk assessed against sufficiency of current reporting requirements for regular M&E; 17 percent were high risk when assessed against likelihood that progress on investment criteria can be measured credibly, given M&E plans, budget, and indicators for investment criteria; 30 percent were high risk assessed against the extent to which the proposal provided additional impact indicators beyond those proposed by the GCF; **49 percent were high risk when assessed against collection of baseline data and/or whether there was a requirement for this; and 59 percent**

were assessed to be high risk when checked for the potential quality of data and whether these are suitable for impact evaluations (Table 26).

Table 26 Summary of reviews presented in the IEU Evaluability Assessment

Share of Proposals in Each Risk Category, by Assessment Criteria				
	% Low risk	% Medium risk	% High risk	% Unclear
TOC and discussion of causal pathways				
What is the quality of the (implicit or explicit) TOC and programme logic?	39	39	23	0
Are unintended consequences referred to and identified robustly in the programme TOC and/or in the surrounding literature reviews?	49	34	16	0
How robust are the causal linkages (implicit or explicit) and are they well informed by high quality evidence?	33	35	31	0
Potential for measurement of causal change and evaluability				
Does the proposal design allow for credible reporting of causal change?	48	35	16	0
Are there potential areas of bias that are likely to creep in?	3	3	94	0
Implementation fidelity and performance against investment criteria				
To what extent is impact potential identifiable and measurable in the proposal?	38	39	17	6
Data collection and reporting credibility				
Are current reporting requirements sufficient for regular M&E?	19	49	31	0
How likely is it that progress on investment criteria can be measured credibly, given M&E plans, budget, and indicators for investment criteria?	15	59	17	9
Has baseline data been collected and/or is there a requirement for this?	18	31	49	1

Source: Fiala, N., Puri, J, and Mwandri, P. (2018). *Becoming bigger, better, smarter: A summary of the evaluability of Green Climate Fund proposals*. IEU Working Paper No. 2, Green Climate Fund. Songdo, South Korea

166. Finally, the IEU Learning-Oriented Real-Time Impact Assessment (LORTA) programme finds an appreciation and intention among many AEs for evaluation, yet very little capacity or skills (in a sample of self-selected FPs)[132]. **Rigorous impact evaluations, for many of the sampled projects, will not be possible because** these have not been planned into the project plans. There is a serious gap in the measurement and reporting of GCF results. Many projects are unlikely to be able to report credibly on their impacts because of insufficient planning for evaluation, or stage of implementation and budget.

[132] Independent Evaluation Unit (2019) Learning-Oriented Real-Time Impact Assessment (LORTA) Programme: Phase I - Formative Engagement and Design. GEvalNote No. 03. Available at: https://ieu.greenclimate.fund/documents/977793/1472347/LORTA_GEvalNote_03_EN.pdf/f2f8fc9a-4fe8-892e-e166-9d4be1ffb5ca

IEU Learning-Oriented Real-Time Impact Assessment (LORTA) programme

In 2018, the Independent Evaluation Unit (IEU) of the Green Climate Fund (GCF) started the Learning-Oriented Real-Time Impact Assessment (LORTA) programme to keep track of the impact of the GCF's investments. The LORTA programme aims at: measuring the overall change (outcome or impact) of the GCF's investments; building measurement and tracking systems and enhancing in-project learning; understanding and measuring results at different points during implementation; measuring GCF's overall contribution to catalysing a paradigm shift and achieving impacts at scale. In July 2018, representatives from 15 selected projects were invited to a LORTA Design Workshop with representatives from GCF, a consulting team, World Bank and other international organisations. Later in 2018, 8 GCF-funded projects were included under Phase I for undergoing the formative engagement and design phase. In Phase I, these project sites were visited, evaluation questions framed, along with proposed evaluation design and plans. The project reports the following lessons from Phase I:

1. Budgets are key: GCF-funded projects and investments need to budget early for the cost of undertaking LORTA impact evaluations. This facilitates high-quality designs for building real-time measurement systems and credible measurement.
2. Early planning and co-ownership of designs for impact assessments and measurement systems: Consultation and co-ownership of the design and implementation of measurement systems between the LORTA team and the project team is essential. This means project teams should come on board as early as feasible. Ideally, project teams should engage with the IEU before they start planning implementation (and after Board approval).
3. In-country formative work is a sine qua non: It is imperative that in-person country missions engage the full programme team (especially its senior staff) and have hands-on sessions where project staff can work through the implications of theories of change, measurement systems, surveys and analyses plans. These country missions should also include context analyses and engagement with the ultimate beneficiaries of the GCF's investments. Thorough engagement of relevant AE staff cannot be over emphasised.
4. Developing a deep understanding of evaluation designs and measurement methods among project team staff is essential: Project staff need to have a good understanding of TOCs, survey design, sample sizes and systems to track implementation fidelity. However, with IEU LORTA team providing technical assistance, they don't need to become experts.
5. Engagement from key stakeholders is required, particularly NDAs, AEs, implementing partners, GCF project managers, and potential beneficiaries. The LORTA team works closely with key stakeholders of selected projects before, during and after field missions.
6. Co-designing measurement systems and impact evaluation designs: IEU LORTA team members along with project staff developed measurement systems and impact evaluation designs. Formative work should include analysing the field and context, discussing TOCs, and examining project capacities for tracking implementation fidelity. It may also include setting up time-bound systems and targets for tracking progress and appropriate counterfactuals, and assessing administrative and secondary data sources, including Geographical Information Systems (GIS) data.
7. Real-world considerations and the implementation goals of the GCF project team should inform designs. These should be balanced with analytical rigour and the need of key in-country stakeholders. In many cases, project teams are capable of developing these systems and measurements provided they can take on board sample size calculations, and understand the need for credible measurement.
8. Integrated timelines are important: Teams should distinguish between implementation tracking systems that measure the progress of short-term changes and those that measure longer-term changes (through surveys). They should build an integrated timeline showing implementation, tracking and surveys. GIS data can help reduce data requirements.
9. Persistence and rigour are key: Most teams initially plan to collect too much data. They often exhaust their funds and lose their impetus before the project's end. However, with some re-jigging and re-planning, they can undertake high-quality measurement. Sticking to the plan for rolling out impact evaluations and implementation is critical.

Source: Independent Evaluation Unit (2019) Learning-Oriented Real-Time Impact Assessment (LORTA) Programme: Phase I - Formative Engagement and Design. GEvalNote No. 03. Available at: *https://ieu.greenclimate.fund/documents/977793/1472347/LORTA_GEvalNote_03_EN.pdf/f2f8fc9a-4fe8-892e-e166-9d4be1ffb5ca*

Key lessons and *emerging* areas of recommendations

167. *The Business Model*: The RMF is not being implemented well for many reasons. This is mainly because of lack of clarity within GCF and the use of various other frameworks by different parts of the Secretariat.The RMF does not have a clear or consistent causal logic to support the design of operations. In both adaptation and mitigation, the RMF underlying logic models are incomplete and inconsistent, with many result areas misclassified. This is possibly leading to marginalising the role of the private sector in adaptation. The GCF may consider the development of a single, integrated results management framework with clear core indicators to measure the performance of the portfolio portfolio. Further, a full examination of the Business Model is needed to test assumptions about the capacity and willingness of AEs.
168. *ISP:* There is scarce documented evidence on the lack of an effective results framework in this connection.
169. *Processes and structure of the* secretariat: Of the funding proposals, two-thirds do not sufficiently discuss or clarify the causal pathways leading to the desired impacts of the projects. Different frameworks are varyingly interpreted across the Secretariat. This will result in biased reporting of results.
170. *Paradigm shift/scale/change/innovation:* Paradigm shift is measured in different ways across the diverse GCF frameworks, and is not aligned with the global understanding of paradigm shift.There is little reflection of paradigm shift and innovation in the measurement frameworks of the GCF.
171. *Likely impact:* The Secretariat makes an assessment of likely impact indicators, and finds that the GCF's impact is not consistent with the global pathway well below 2ºC, as envisaged in the Paris Agreement. Even this assessment is overstated, because of absence of plans for rigorous reporting in GCF investments.
172. *Country needs & ownership:* Co-benefits of climate are often referred to, but rarely measured in the global Decision-making frameworks, including the GCF. This will need to be assessed by the overall Performance Review.
173. *Climate rationale/ambition:*. Of the GCF's USD 3.5 billion commitment, up to USD 1.3 billion in projects may not be able to report on indicators and results, with severe gaps in impact indicators for investment worth USD 800 million.
174. *Normative standards:* There is not enough coherence among the frameworks of the GCF, and their implementation is inconsistent. More importantly, the GCF will not be able to provide credible evidence of its impact in the long term, with the current implementation of the RMF. Indeed, the SCF in the 2018 Biennial Assessment recommends that multilateral climate funds such as the GCF should advance work on tracking and reporting on impacts of mitigation and adaptation finance. For GCF to be a leader in multilateral climate finance, the credible and measurable reporting of results and impacts should be taken seriously.
175. The GCF Business Model is contingent upon the capacity and willingness of AEs to manage projects for results and provide reporting that is reliable and credible.

X. Policies

176. The Governing Instrument for the Green Climate Fund was approved by the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) at its seventeenth session on 11 December 2011 in Durban, South Africa, and is annexed to Decision 3/CP.17 presented in UNFCCC document FCCC/CP/2011/9/Add.1[133]. The Governing Instrument provides for a 24-member Board. Over its 22 meetings, the GCF Board has adopted a number of Decisions and policies.

177. The GCF Handbook, which compiles all Board Decisions, has placed each primary Board Decision and related policy within one of ten issue-oriented chapters. The GCF policy architecture can be artificially divided into two parts: policies directed at the institution (for instance, policy documents on human resources), and policies to govern projects (for instance, those used for the implementation of projects through AEs). The GCF Board has at various times adopted policies, frameworks, administrative instructions, guidelines, standards, and Board Decisions, which amount to the policy framework of the GCF.

178. For this Synthesis Study, an analysis of the GCF policy landscape was undertaken, considering 20 GCF policy documents or policy clusters.[134] This review found that the majority of policies are applicable to the needs of the Secretariat (19 policies) and NDAs (7 policies) and Accredited Entities (7 policies). In terms of prescribing responsibilities, the majority of the policies are directed towards the AEs (18 policies) and the Secretariat (15 policies). With the exception of the travel policy, the others were assessed to have identified specific roles and responsibilities. Further, while many dimensions of paradigm shift are covered by policies in explicit or implicit ways, depth of change was not identified to be covered by any policy. Notably, the following parts of the Governing Instrument are not covered by existing policies:

- evaluation
- stakeholder input and participation[135], and
- termination of the Fund.

Policy Overlap

179. **While the GCF policy architecture is vast, there are policy gaps, as well as policy overlaps.** Over the development of the GCF's policy framework, there are cases where different policies have been articulated, with potential for overlap. Table 27 presents a non-exhaustive list of overlaps.

Table 27 Some cases of overlap in GCF policies

GCF Policies	Potential Overlaps
Information Disclosure Policy Decision B.12/35 Environmental and Social Management System – Adoption of GCF Environmental and Social Policy Decision B.19/10	Potential overlap related to information disclosure
Policy on the Protection of Whistleblowers and Witnesses Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy (draft) General Principles on Prohibited Practices through Decision B.12/31 GCF's Anti-Money Laundering and Countering the Financing of Terrorism Policy Decision B.18/10	Inconsistent terminology Duplication among policies – all include obligations related to reporting Future change in reporting framework would require a change in all policies

[133] http://unfccc.int/resource/docs/2011/cop17/eng/09a01.pdf
[134] For instance, policies on ethics and conflict of interest are seperately drafted for the Executive Director of the GCF Secretariat, external members of the GCF panels and groups, Board appointed officials, other board appointed officials and active observers, and active observers of the Green Climate Fund. These were considered to be one cohort, and assessed as one unit.
[135] A section within the ESS provides for stakeholder engagement, but is only focused at the project level.

GCF Policies	Potential Overlaps
Interim Policy on the Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment Policy on the Protection of Whistleblowers and Witnesses General Principles on Prohibited Practices through Decision B.12/31	Different reporting frameworks in policies for some of the same areas.
Financial terms and conditions for the financial instruments Decision B.09/04 Policy on concessionality (draft)	Potential overlap
Administrative Guidelines on Human Resources Decision B.08/17 (contains clause on dealing with harassment and misconduct) Interim Policy on the Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment	Potential for conflicting reporting requirements
Results Management Framework Risk Management Framework Investment Criteria Framework Investment Criteria Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework as the internal control framework for the Green Climate Fund	Significant overlap in some areas and gaps in other respects (source: IEU's Independent RMF Review)

180. **The duplication and inconsistency in the policies leads to the creation of an uncertain policy framework.** Additionally, the policies may specify **different reporting obligations, and therefore create challenges in implementation.** Other notable challenges include:

- Within the framework of policies**, the different components use different terminology.** This may create a serious risk of interpretation from a legal perspective. Some of these risks can be manifested at the signing of an Accreditation Master Agreement (AMA) with an AE. It is not entirely clearly which policies will be applied at the time of reaccreditation. The lack of clarity can compound negotiations with an AE. Other risks may manifest at a time when the policies are put into use.
- In other cases, within the policy framework there may be inconsistency on specific issues. During the course of the policy framework of the GCF, and given the initial strategic emphasis on operationalization of the Fund, many policies such as those on human resources were formulated on the basis of experiences in other institutions such as multilateral development banks, and the United Nations. However, the business model of the GCF is different and depends entirely on the AEs for the implementation of projects. **Therefore, certain policies may face challenges of implementation** especially **where their enforcement may not be within the** control **of the GCF.** For instance, Environmental and Social Policy, Fiduciary Principles and Standards, Gender Policy and Action Plan have been adapted to reflect the GCF's requirements. However, for policies such as Indigenous Peoples Policy, the GCF does not currently seem to have the means to ensure implementation and compliance. This challenge related to potential gap in implementation is also faced by other policies such as: integrity policy, and prohibitive practices.
- Others, such as policies on ethics and conflict of interest policies are articulated in several documents, which are nearly identical and can be clustered. Further, from the assessment of the Synthesis Study, it is not clear whether Board members are covered by the policy. The Administrative Guidelines on Procurement, although sufficient for the function of the Secretariat, and aligned with the Asian Development Bank, do not follow from a larger procurement policy.

Policy Gaps

181. Paradoxically, **while there are overlaps in the GCF's policy framework, there are also notable gaps.** The Accredited Entity Fee Policy does not cover the private sector, and only covers the public sector. The policy on fees for accredited entities and delivery partners doesn't guide the fees for the

private sector and fees for non-grant instruments, other than concessional loans to the public sector (the policy states that those should be decided on a case-by-case basis). The General Principles on Prohibited Practices state that the GCF may impose sanctions in case of non-compliance. However, a sanction policy is not currently adopted. The policy on Prohibited Practices was not adopted until B.22, while the GCF only had an interim policy.

182. In creating new policies, **the level of authorisation needed is not always specified**. For instance, the Board may request the Secretariat to determine certain guidelines. However, it is not always clear as to whether the policy will be reviewed by the Board, a sub-committee, or by a panel within the Secretariat. The Cancellation and Restructuring Policy and the Anti-Money Laundering and Countering the Financing of Terrorism Policy require establishing standards for operationalising policy and standard operating procedures. Whether these are to be approved by the Board or a subcommittee, or at the level of the Secretariat, is not clear. **Such clarity is further required for consideration of funding proposals, especially in operational policies and guidelines**. This issue is also noted in audit reports, which highlight the submission of proposals for Board approval that do not meet Fund`s objectives, the potential for bias in reviews, and the **inconsistent Decision outcomes in the absence of clear guidelines**. Indeed, in a draft Decision, the UNFCCC recommended that the GCF resolve some of these policy gaps on the basis of its Governing Instrument and Rules of Procedure.[136] To create such clarity, the Secretariat presented a paper 'An integrated approach to addressing policy gaps to ensure climate impact: an overview of policies related to the consideration of funding proposals.[137]

183. Of the above, the following core documents were on the agenda for B.21 and the agenda item was not opened.

a) "**Project or programme eligibility and selection criteria**" (document GCF/B.21/Inf.02);
b) "Incremental and full cost calculation methodology" (document GCF/B.21/03);
c) "Review of the financial terms and conditions of the Green Climate Fund financial instruments" (document GCF/B.21/05); and
d) "Options for further guidance on concessionality" (document GCF/B.21/24);
e) "Co-financing matters" (document GCF/B.21/29);
f) "Investment criteria indicators" (document GCF/B.21/18).
g) "Revision of the structure and operations of the independent Technical Advisory Panel" (document GCF/B.21/04);
h) "Outcome of Co-Chairs consultations: programmatic policy approach" (document GCF/B.21/31).

184. The second set of documents with policies, updates, findings and outlining next steps were also on the

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[136] COP 24 agenda item 10(c): Matters relating to finance: Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund
[137] GCF/B.21/Inf.01
Noting the draft guidance to the Green Climate Fund prepared by the Standing Committee on Finance
3. Further welcomes the report on the implementation of the 2018 workplan and the approval of the 2019 workplan of the Board, and *urges* the Board to address remaining policy gaps, including on, as specified in the Fund's Governing Instrument and its rules of procedure:
(a) Policies relating to:
(i) The approval of funding proposals, including project and programme eligibility and selection criteria, incremental costs, co-financing, concessionality, programmatic approach, restructuring and cancellation;
(ii) Prohibited practices as well as the implementation of the anti-moneylaundering and countering the financing of terrorism policy;
(b) Review of the accreditation framework;
(c) Pursuing privileges and immunities for the Green Climate Fund;
(d) Consideration of alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests;
(e) The requests for proposals to support climate technology incubators and accelerators, in accordance with Board Decision B.18/03

agenda; the agenda item was not opened.

a) "**Policy on Restructuring and Cancellation**" (document GCF/B.21/32);
b) "Two-stage proposal approval process" (document GCF/B.21/11);
c) "Steps to enhance the climate rationale of GCF-supported activities" (document GCF/B.21/Inf.08);
d) "Identification of results areas where targeted GCF investment would have the most impact" (document GCF/B.21/Inf.04);
e) "Guidance and scope for providing support for adaptation activities" (document GCF/B.21/Inf.03); and
f) "Results Management Framework: Independent Evaluation Unit recommendations to improve the Results Management Framework" (document GCF/B.21/20).

185. Other notable gaps can be discerned through comparable organisations. For instance, the GEF has additional policies on:

– **Stakeholder Engagement**
– Visibility and Project Cancellation
– CEO/Chairperson & IEO Director Appointment
– Reappointment & Performance Objective Review
– Communication and Visibility
– Guidelines for the Implementation of the Public Involvement Policy

Similarly, the Adaptation Fund has the following policies:

– Zero Tolerance Policy for the Board[138]
– **Re-accreditation Process**
– Policy for Project/Programme Delays
– Ad Hoc Complaint Handling Mechanism

186. It should also be noted that the GCF has a plethora of policies, many of which are not present in the policy framework of comparators:

– Anti-Money Laundering and Countering the Financing of Terrorism
– Travel Policy; including Admin Instructions (AI): AI on the GCF Official Travel; AI on Travel class
– Policy on the Protection of Whistle blowers and Witnesses
– Administrative Guidelines on Human Resources
– AI on Performance Management
– AI on Administrative Review and Appeal Procedures
– Policy on Prohibited Practices
– Reviewed Administrative Guidelines on Corporate Procurement
– Policy on Restructuring
– Policy on Restructuring and Cancellation
– Initial Monitoring & Accountability Framework for AEs
– Administrative Policies of the Fund, IV. Procurement of Goods and Services, Administrative Guidline on Procurement, Update to Administrative Guidelines on Procurement

Key lessons and *emerging* areas of recommendations

187. *Business Model:* As the sufficiency of the Business Model is not yet assessed, there remains a need to

[138] "Board members and alternates refrain from condoning, supporting or otherwise failing to address fraudulent or corrupt behaviour that may affect the Fund's Decision making process and operations, either by their peers or by anyone actually or potentially involved in the Fund's operations."

assess the implementation of the GCF's policy framework. While the GCF's policy architecture is vast, there are policy gaps, as well as policy overlaps. This will be further assessed by the overall Performance Review.

188. *ISP:* There is scarce documented evidence in this regard.
189. *Processes and structure of the secretariat*: There appear to be duplication and inconsistency in the policies leading to the creation of an uncertain policy framework. Certain policies specify diverging reporting obligations, and therefore may create challenges in implementation. Further, components of different policies may use different terminology to address the same matter. Certain other policies may face challenges of implementation where their enforcement may not be within the remit of the GCF.
190. *Paradigm shift/scale/change/innovation:* Paradigm shift is not defined in the GCF's policy framework (except as an investment criteria).
191. *Likely impact:* There is scarce documented evidence in this regard..
192. *Country needs & ownership:* There is scarce documented evidence in this regard..
193. *Climate rationale/ambition:* The Governing Instrument mandates the GFC to operate in a transparent and accountable manner. There is a need to remove ambiguity in decision-making, especially with regard to eligibility and assessment of proposals. There can be potential for bias in reviews, and inconsistent decision outcomes in the absence of clear guidelines.
194. *Normative standards:* The initial policy framework was based on the experience of MDBs and UN, but these are not necessarily appropriate for the GCF.
195. The GCF's current policy framework is vast, and seems to have overlaps and insufficiencies at the same time. There are cases of multiple policies covering the same area, creating duplication and inconsistency in implementation. In other cases, there are gaps in the policy framework, leading to inconsistent decision making.
196. At a broad level, the recommendation through this desk-based review is to assess the implementation of the policy framework. It is essential for the GCF to assess how its policies are interpreted and implemented across the partnership. Secondly, there is a need to create a coherent policy framework which corresponds to the evolution of the GCF. For instance, the IEU's Independent RMF Review found inconsistency in the frameworks used by the GCF for assessing, reporting and managing results. Such duplications exist in other parts of the GCF policy framework and require review.
197. Thirdly, there is a need to remove ambiguity in the GCF's decision making, especially as it relates to review of proposals. The GCF especially needs policies on including project and programme eligibility and selection criteria, incremental costs, co-financing, concessionality, programmatic approach, restructuring and cancellation. Further, delegating secondary decision making to bodies other than the Board (Committees, Panels, or Secretariat) may result in increased responsiveness of the GCF. These governance related topics should be assessed through an independent review.

XI. CONCLUSIONS

198. In this Synthesis Study, key emerging areas for further examination, have been outlined. There are several other areas that emerged as salient but were outside of the remit of this Synthesis Study, primarily because of the lack of related documents, which this Synthesis Study relies on. These areas are communication and outreach by the GCF, governance of the GCF and unintended consequences of GCF investments.

199. A summary of key emerging areas is provided in Table 28. Emerging areas of recommendations are also summarized in sections of all chapters. Here we discuss some additional and related concerns.

200. GCF is not yet demonstrating the ambition stated in its mandate. Reasons need to be assessed in the overall Performance Review but possible explanations include: institutional lethargy, primary focus on disbursement and not enough focus on impact. Regardless of the underlying causes, there may be a need to restore ambition in the GCF's programming. There is an expectation for the GCF to take up global leadership – a space that arguably the GCF does not yet occupy. This expectation is expressed in various documents by a variety of stakeholders. The WRI Future of the Fund report expects the GCF to create impacts at scale, UNFCCC expects it to be transformative, the GCF itself aspires to "make a significant and ambitious contribution to the global efforts". This review found the focus of the ISP to be intermediate and not long-term.

201. GCF's comparative advantage is not clearly assessed in its documents. This may lie along several areas: the Fund has a special mandate; it can operate at a large scale; it is inclined to be a learning institution; as a new institution it is able to address recent issues; direct access is promoted in the Fund; GCF has a wide reach; it has the potential to be a strong convening power.[139] Yet, many documents show that GCF projects are undertaking business as usual. The result of GCF programming do not seem to be greater than the sum of its parts. A potential explanation is that as it develops, the GCF is likely to 'imitate' other institutions[140], and this may act as a barrier against institutional innovation. If so, this is a pitfall to avoid, as the GCF considers its next strategic planning period.

202. As the delivery of the GCF's investments has begun, it has often found itself making a distinction between adaptation and sustainable development. At B.16, the Board took note of document GCF/B.16/Inf.06 titled "Status of the GCF portfolio: pipeline and approved projects", and the Board discussed, among other things, the balance between climate change and development.[141] Naturally, as

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[139] According to the WRI report, the comparative advantages of the GCF are as follows: "The GCF could focus on impact at scale by providing larger-scale, programmatic interventions and developing the institutional and policy frameworks necessary for longer-term mobilization of investments. To continue enhancing country ownership, the GCF should strengthen its readiness program and fund smaller interventions for national entities that need to build their capacities to handle larger amounts of funding. The fund could explore programmatic approaches for adaptation but leave adaptation projects of less than $10 million to the AF and coordinate with the LDCF to enhance efficiency in NAP funding and related implementation. The fund could also develop targeted criteria for allocations in its mitigation window, potentially carving out funding to focus on countries with large mitigation potential but significant barriers to financing that cannot be addressed through other funding sources."

[140] According to literature from the management sciences, organisations are known imitate each other as they develop and respond to uncertainties (Liberman, M.B. and Asaba, S., 2006). According to organisational theory as well (DiMaggio and Powell, 1983), as organisations change, they start to become like each other (in a process called homogenization or isomorphism). The more the ties among organisations, higher the imitation. Further, the actions of older organisations are seen as legitimate, and are closely imitated by new actors. This imitation can have varied effects – positively, the outcomes can lead to innovation, but in other cases there can be amplification of errors by early movers, or preservation of overall status quo.

[141] GCF/B.16/24 Report of the sixteenth meeting of the Board, 4 - 6 April 2017
"Discussion took place over how to define whether projects dealt primarily with climate change or development and where the two overlapped, as well as how such a definition would affect project approval by the GCF. While there was broad agreement that the GCF was committed to the development of beneficiary countries, a number of Board members
highlighted the need for the main component of GCF-funded projects to be explicitly focused on climate action. Some noted that while all climate projects also counted as development projects, the opposite was not always true. A number of Board members

a fund for climate finance, the intention for the GCF is to make maximum impact and focus on projects with strong climate rationale. However, recent expert advice suggests that creating such a distinction may itself be futile and counter-productive. It is suggested that climate adaptation itself is multifaceted, and too narrow a focus could decrease the impact of efforts. The IPCC[142], in its latest analysis, argues that

a) The pursuit of sustainable development goals is consistent with the efforts to adapt to climate change
b) There will be synergies between adaptation strategies and SDGs, even in a 1.5°C warmer world
c) The transformational changes supported by the achievement of SDGs would also be necessary for limiting warming to 1.5°C above pre-industrial levels.[143]

203. The primary mandate given to the GCF is a 'paradigm shift'. According to the literature, a paradigm shift happens when there are two cases: (a) when it is not driven by a planned effort but catalysed by a combination of factors (like the industrial revolution), or (b) is actively driven by entrepreneurs, like the examples set by Microsoft or the information technology sector. The Business Model of the GCF may need to encourage countries to implement such root causes through direct access entities. Some other parameters in rethinking a Busines Model are as follows:

Mandate: the mandate of the GCF is multi-faceted. Although a paradigm shift is paramount, it is

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suggested that funding Decisions should be based on how the GCF could add value to a project by promoting climate-related objectives and could achieve maximum transformational impact while also seeking synergies with broader development goals. One Board member suggested that GCF-funded projects should be defined by whether or not they tackled problems that were primarily caused by climate change and were focused on addressing climate change and its consequences."

142 Roy, J., P. Tschakert, H. Waisman, S. Abdul Halim, P. Antwi-Agyei, P. Dasgupta, B. Hayward, M. Kanninen, D. Liverman, C. Okereke, P.F. Pinho, K. Riahi, and A.G. Suarez Rodriguez, 2018: Sustainable Development, Poverty Eradication and Reducing Inequalities. In: Global Warming of 1.5°C. An IPCC Special Report on the impacts of global warming of 1.5°C above pre-industrial levels and related global greenhouse gas emission pathways, in the context of strengthening the global response to the threat of climate change, sustainable development, and efforts to eradicate poverty [Masson-Delmotte, V., P. Zhai, H.-O. Pörtner, D. Roberts, J. Skea, P.R. Shukla, A. Pirani, W. Moufouma-Okia, C. Péan, R. Pidcock, S. Connors, J.B.R. Matthews, Y. Chen, X. Zhou, M.I. Gomis, E. Lonnoy, T. Maycock, M. Tignor, and T. Waterfield (eds.)]. In Press.

143 Summary of IPCC Report (chapter: Sustainable Development, Poverty Eradication and Reducing Inequalities)
Limiting global warming to 1.5°C rather than 2°C above preindustrial levels would make it markedly easier to achieve many aspects of sustainable development, with greater potential to eradicate poverty and reduce inequalities (medium evidence, high agreement).
Compared to current conditions, 1.5°C of global warming would nonetheless pose heightened risks to eradicating poverty, reducing inequalities and ensuring human and ecosystem wellbeing (medium evidence, high agreement).
Prioritization of sustainable development and meeting the SDGs is consistent with efforts to adapt to climate change (high confidence).
Synergies between adaptation strategies and the SDGs are expected to hold true in a 1.5°C warmer world, across sectors and contexts (medium evidence, medium agreement).
Adaptation strategies can result in trade-offs with and among the SDGs (medium evidence, high agreement).
Pursuing place-specific adaptation pathways towards a 1.5°C warmer world has the potential for significant positive outcomes for well-being in countries at all levels of development (medium evidence, high agreement).
Sustainable development broadly supports and often enables the fundamental societal and systems transformations that would be required for limiting warming to 1.5°C above preindustrial levels (high confidence). Simulated pathways that feature the most sustainable worlds (e.g., Shared Socio-Economic Pathways (SSP) 1) are associated with relatively lower mitigation and adaptation challenges and limit warming to 1.5°C at comparatively lower mitigation costs. In contrast, development pathways with high fragmentation, inequality and poverty (e.g., SSP3) are associated with comparatively higher mitigation and adaptation challenges. In such pathways, it is not possible to limit warming to 1.5°C for the vast majority of the integrated assessment models (medium evidence, high agreement). {5.5.2} In all SSPs, mitigation costs substantially increase in 1.5°C pathways compared to 2°C pathways. No pathway in the literature integrates or achieves all 17 SDGs (high confidence). {5.5.2} Real-world experiences at the project level show that the actual integration between adaptation, mitigation and sustainable development is challenging as it requires reconciling trade-offs across sectors and spatial scales (very high confidence). {5.5.1}
Social justice and equity are core aspects of climate-resilient development pathways for transformational social change. Addressing challenges and widening opportunities between and within countries and communities would be necessary to achieve sustainable development and limit warming to 1.5°C, without making the poor and disadvantaged worse off
The fundamental societal and systemic changes to achieve sustainable development, eradicate poverty and reduce inequalities while limiting warming to 1.5°C would require meeting a set of institutional, social, cultural, economic and technological conditions (high confidence).

to be achieved in a country-owned fashion, through the use of predictable and direct access finance. It alsomust be transparent and effective and efficient. In

- Table 9 the assessment finds 19 different dimensions of this mandate. The challenge in a multilateral setting is to create a common understanding of this complex mandate, and the GCF may have to build structures to automatically promote a paradigm shift.
- Other factors: a large institutional infrastructure is already in place. The Board, Secretariat and NDAs have been appointed and are functional. A large number of entities areaccredited. The GCF currently has 104 projects. There may be little appetite to undo or revoke some of this institutional set-up.[144]
- The experience of other agencies is telling. Comparators such as the GEF have a makedly different mandate, although administered through a similar institutional set-up. Other funds of interest could be the Global Fund and the Global Partnership for Education.[145] Both the funds use a similar model at the level of countries, constituting a Country Coordinating Mechanisms or a Local Education Group. It may be possible that such a mechanism may help address the assumption in the current Business Model that AEs will bring forth a pipeline that aligns with the the GCF's mandate. The overall Performance Review will examine these topics to examine ways forward.[146]

204. There are omissions currently in the GCF programming. Technology transfer (mandated through the Governing Instrument) and "fundamental changes in behaviors and/or investment patterns" (envisioned in the Initial Strategic Plan) and science are considered extensively in GCF programming and business model.

205. Additionally there seems to be a critical gap in metrics. There are limited portfolio level targets or guidance at the strategic level in the Fund. Except for a 50-50 balance between adaptation and mitigation and a floor of 50% adapation funding for LDCs, SIDS and Africa, other metric or quantitative guidance are not apparent in the GCF documents. For instance, while Direct Access is prioritised, there is no specific proportion of the portfolio directed towards DAEs. Likewise, within the AE portfolio, the GCF does not identify a proportion of DAEs and AEs that is deemed desirable. These priorities need to be clarified and communicated, as they may also be related to predictability and accessibility (another priority area for the GCF).

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[144] Further, GCF/B.01-13/11 Business Model Framework of the Green Climate Fund outlines many of the specific considerations for the Business Model.

[145] These references were also considered by the Transitional Committee of the Green Climate Fund: 5 July 2011 Second meeting TC-2/WSII/4 TC-2/WSIII/5, accessed from: *https://unfccc.int/files/cancun_agreements/green_climate_fund/application/pdf/tc2_ws3_5_290611.pdf*

[146] Learning from organisational ecology, it might be possible to hypothesize that some time has passed in the GCF evolution, and the sunk costs, political will, and organisational restraint will not permit a large-scale rapid change in the organisation. Yet, drawing from the same literature, it may be best advised for GCF to become a 'specialist' organisation and not a 'generalist' organisation, owing to its unique niche.

Table 28 Summary of findings of the Synthesis Study, in Key Emerging Areas of the overall Performance Review

	Areas of Performance Review	Paradigm Shift	Progress against ISP	Country Ownership	Accreditation	Private Sector	Measurement	Policies
1	Business Model	GCF Business Model is supply-driven and contingent upon the pipeline . There is no evidence whether Funding Proposals are sufficient or contributing to paradigm shift. Policy processes are not currently considered.	The ISP does not reflect the ambition or urgency of climate science, the GCF Governing Instrument, and other GCF documents.	Country ownership is central to business model but neither defined specifically, nor measured. A very small percentage of the overall investments is directed through DAEs	Accreditation is key to the Business Model, but also a key challenge in it.	Business Model is meant to mobilise private finance, but effectiveness is not demonstrated.	Results Management Framework is not being implemented well; it depends on other agencies (AEs)	There is a need for additional policy framework., and clarity in other areas. There is also a need to assess implementation of GCF policies.
2	ISP	ISP is not ambitious enough for paradigm shift, does not provide sufficient guidance to AEs.	The ISP does not identify strategic objectives, timelines, direction, or performance markers.	ISP promotes Country Ownership through RPSP, with limited effectiveness.	GCF Board has not yet approved a strategy on accreditation, nor are there targets specified in relation to accreditation. Assessment of shift in AE portfolios is requested by the Board, but not yet taking place.	ISP targets are not sufficient with regard to private sector.	Not sufficient information.	Not sufficient information.
3	Processes and Structure of the Secretariat	Guidance available in GCF on paradigm shift is circular, incomplete. There	GCF targets are not sufficient to provide useful guidance for the portfolio. They are not measurable	Country ownership is not specifically defined by the Governing	GCF portfolio is increasingly diverse but still dominated by international	GCF timelines are too slow and processes unpredictable for the private	Different frameworks are varyingly interpreted across the Secretariat. Because of gaps in causal pathways described in funding	There is need for more clear policies to reduce ambiguity in

	Areas of Performance Review	Paradigm Shift	Progress against ISP	Country Ownership	Accreditation	Private Sector	Measurement	Policies
		are gaps in guidance and actions taken by the GCF.	or quantifiable.	Instrument, nor by Strategic Plan.	AEs.	sector.	proposals, GCF results will be biased in reporting.	decision making.
4	Paradigm Shift/Scale/Change/Innovation	Little evidence of how GCF guidance and FPs contribute to many attributes of paradigm shift.Assumption in busines model need verification.	There is a large set of aims and ambitions that the GCF espouses. The ISP does not provide specific guidance to prioritise the different goals. We recommend cosnidering long term but phased approach for operationalizing the overall vision.	Not sufficient information. The connections between likely impact and country ownership are not examined in available documents.	Majority of portfolio continues to be ‘traditional’ developmental financing pathways. Accreditation does not guarantee a paradigm shifting pipeline.	While the key challenges to private sector engagement remain, RFPs have not been effective.	Measured in different ways across frameworks, and not aligned with global understanding of paradigm shift.	Clear definition of paradigm shift is missing (except as an investment criteria).
5	Likely Impact	The measurement of paradigm shift potential in projects is currently not credible.	ISP report does not detail its on the outcomes or results, but only on the activities and inputs.	Not sufficient information.	The relationship between accreditation and likely impact has not been examined yet..	New and additional finance is required for climate action and is a stated mandate of the GCF, but the effectiveness of GCF is not clear.	The Secretariat makes an assessment of likely impact indicators, and finds that the GCF impact is not consistent with the global pathway well below 2ºC, as envisaged in the Paris Agreement. Even this assessment is overstated, because of absence of plans for rigorous reporting in GCF investments..	Not sufficient information.
6	Country Needs & Ownership	GCF’s comparative advantages in promoting a	IEU RPSP Evaluation documented the limited effectiveness	Country ownership as multi-faceted and located in	The GCF process is time consuming, standards are	RPSP support has facilitated engagement, but resulted in little	Co-benefits of climate are often referred to, but rarely measured in the global decision-making	Not sufficient information.

	Areas of Performance Review	Paradigm Shift	Progress against ISP	Country Ownership	Accreditation	Private Sector	Measurement	Policies
		paradigm shift in climate change are not yet clearly articulated, assessed, or verified	of the RPSP.	different parts of the Fund and its modalities.	rigid, and the process involves duplication – disadvantaging the private sector, non-English speaking, and low capacity entities.	impact on policy environment.	frameworks, including the GCF.	
7	Climate Rationale/Ambition	Current GCF projects are low in ambition and paradigm shift potential. A thorough assessment of GCF comparative advantages is needed.	ISP and reporting against ISP do not have the ambition evident in other parts of GCF.		A shift in AE's own portfolio towards GCF priorities is not yet assessed.	Not sufficient information.	Of the GCF's commited US$ 3.5 billion, up to US$ 1.3 billion projects may not be able to report on indicators and results, with severe gaps in impact indicators for investment worth USD 800 million.	Operational policies and guidelines are needed by the GCF to operate in a transparent manner.
8	Normative standards	In order to actively 'promote a paradigm shift', GCF clearly requires a more clear vision of paradigm shift.	There is a divergence between the ambition of the GCF in its various documents and the extent to which these are robustly reported on. There is insufficient attention paid to innovation and measuring co-benefits.	Outside of GCF, the Paris Declaration and the Accra Agenda for Action provide guidance.	Relationship between accreditation and country ownership also remains to be assessed. The role of AEs in business model and Risk Management Framework remains to be assessed.	GCF is further expected to be catalytic, risk-taking, promoting scale-up and innovation. Yet, it is not clear whether it is effective.	GCF will not be able to provide credible evidence of its impact in the long term, with the current implementation of the RMF.	GCF followed normative standards of MDBs and UN, but these are not appropriate for GCF.

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APPENDIX: DOCUMENTS CONSULTED

Governing Instrument, Strategic Plan and Business Model Framework, along with Board meeting reports

- GCF Rules of Procedure
- GCF Governing Instrument
- GCF Handbook: Decisions, Policies and Framework as Agreed by the Board of the Green Climate Fund from B.01 to B.20 2012-2018

Strategic Plan

- Decision B.17/05: Implementation of the Initial Strategic Plan of the GCF
- Decision B.12/20: Endorsement of the Strategic Plan of the GCF
- Decision B.BM-2015/11: Ad-hoc group for the Strategic Plan for the GCF
- Decision B.11/03: Development of the Strategic Plan of the GCF
- Decision B.10/14: Development of Strategic Plan of the GCF

Business Model Framework

Business Model Framework

- Decision B.04/04 Business Model Framework – objectives, results and performance indicators
- Decision B.01-13/06 Development of the Business Model Framework

Access to Funding

- Decision B.04/06: Access to funding

Allocation of Fund Resources

- Decision B.06/06: Adoption of initial parameters and guidelines for allocation of resources
- Decision B.05/05: Allocation of Fund resources

Initial Investment Framework

- Decision B.19/07: Investment criteria indicators – Development of a Proposal
- Decision B.13/02: Deferral of consideration of indicative minimum benchmarks
- Decision B.09/05: Initial investment framework sub-criteria and assessment factors
- Decision B.07/06: Adoption of the initial investment framework of the GCF

Scaling Pilot

- Decision B.12/18: Deferral of annual scaling review
- Decision B.10/17: Scaling Pilot – Applying scale in the assessment of funding proposals

Result Area Indicators

- Decision B.05/03: Adoption of the initial results area framework and performance indicators of the Fund

Direct Access

- Decision B.18/02: Reporting on matters related to Direct Access Entities
- Decision B.10/04: Approval of terms of reference for a pilot phase enhancing direct access
- Decision B.08/09: Additional modalities that further enhance Direct Access

Country Ownership

- Decision B.17/21: Adoption of guidelines for enhanced country ownership and country drivenness

- Decision B.14/06: Consultations on Country Ownership Guidelines
- Decision B.13/33: Development of Country Ownership Guidelines
- Decision B.10/10: Country Ownership
- Decision B.08/10: Country ownership/readiness including no objection procedure
- Decision B.06/10: Further deliberations on Country Ownership
- Decision B.05/06: Country Ownership
- Decision B.04/05: Country Ownership/National Designated Authorities

Proposal Approval Process

- Decision B.19/06: Preparation of an integrated approach for addressing policy gaps
- Decision B.17/10: Establishing strategic programming priorities
- Decision B.17/09: Review of the initial proposal approval process
- Decision B.12/23: Request to review of the initial proposal approval process
- Decision B.11/11 (a) to (p): Matters related to the proposal approval process
- Decision B.07/03: Adoption of the initial proposal approval process of the GCF

Simplified Proposal Approval Process

- Decision B.18/06: Approval of the Simplified Approval Process (Pilot Scheme)
- Decision B.14/07 (a) to (h): Consideration of funding proposals and approval of the operational guidelines of the simplified proposal approval process
- Decision B.13/20: Simplified processes for approval of proposals for certain activities, in particular small-scale activities
- Decision B.12/10: Consultations on simplified processes for the approval of proposals for certain activities, in particular small-scale activities

Independent Technical Advisory Panel

- Decision B.BM-2018/09: Updated terms of reference of the Technical Advisory Panel
- Decision B.19/08: Measures to enhance the effectiveness of the independent Technical Advisory Panel
- Decision B.BM-2017/12: Terms of reference of the performance review of the members of the Technical Advisory Panel
- Decision B.15/06: Review of the structure and effectiveness of the independent Technical Advisory Panel
- Decision B.13/01: Review of the Independent Technical Advisory Panel
- Decision B.12/05: Appointment of additional experts to the Independent Technical Advisory Panel
- Decision B.10/09: Independent Technical Advisory Panel
- Decision B.09/10: Terms of reference of the Independent Technical Advisory Panel

Financial Instrument/Financial Terms and Conditions

- Decision B.15/05: Adoption of terms of reference for the review of the financial terms and conditions of the Fund’s financial instruments
- Decision B.12/17: Consultation on policy in public sector proposals demonstrating high-level concessional terms and the low-level concessional terms
- Decision B.12/15: Annual review of financial terms and conditions
- Decision B.10/03: Further work on level of concessional terms for the Public Sector
- Decision B.09/04: Adoption of the financial terms and conditions of grants and concessional loans
- Decision B.08/12: Use of other financial instruments

- DecisionB.06/12: Further work on financial terms and conditions of grants and concessional loans
- Decision B.05/07: Financial Instruments – adoption of principles and factors for the terms and conditions of grants and concessional loans
- Decision B.04/07: Financial Instruments

Results Management Framework

- Decision B.13/34: Deferral of consideration of further development of indicators in the performance measurement frameworks
- Decision B.12/33: Consultation on indicators in the performance measurement of frameworks
- Decision B.09/02: GCF investment opportunities and alignment of the portfolio with the results management framework
- Decision B.07/04: Adoption of the elements of the initial results management framework of the GCF

Additional documents

- GCF/B.04/05: Access Modalities
- GCF/B.04/07: Private Sector Facility
- GCF/B.04/08: Structure and Organization
- GCF/B.05/04: Financial Inputs
- GCF/B.05/05: Allocation of resources under adaptation, mitigation and the Private Sector Facility, with balance between adaptation and mitigation
- GCF/B.05/06: Countries' Transparent No-objection Procedure
- GCF/B.05/07: Terms and Criteria for Grants and Concessional Loans
- GCF/B.05/08: Access Modalities – Accreditation
- GCF/B.07/05: Financial Risk Management Framework

Board Meeting Reports147

- GCF/B.21/34: Report of the Twenty First meeting of the Board, 17 – 20 October 2018
- GCF/B.20/26: Report of the Twentieth Meeting of the Board, 1 – 4 July 2018
- GCF/B.19/44: Report of the Nineteenth Meeting of the Board, 26 February – 1 March 2018
- GCF/B.18/24: Report of the Eighteenth Meeting of the Board, 30 September – 2 October 2017

- GCF/B.17/22: Report of the Seventeenth Meeting of the Board, 5 – 6 July 2017
- GCF/B.17/22/ADD.02: Report of the Seventeenth Meeting of the Board, 5 – 6 July 2017 - Addendum II: Sixth report of the GCF to the COP to the UNFCCC
- GCF/B.16/24: Report of the Sixteenth Meeting of the Board, 4-6 April 2017
- GCF/B.15/25: Report of the Fifteenth Meeting of the Board, 13-15 December 2016
- GCF/B.14/18: Report of the Fourteenth Meeting of the Board, 12-14 October 2016
- GCF/B.13/33: Report of the Thirteenth Meeting of the Board, 28-30 June 2016
- GCF/B.12/33: Report of the Twelfth Meeting of the Board, 8-10 March 2016

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- GCF/B.11/25: Report of the Eleventh Meeting of the Board, 2–5 November 2015
- GCF/B.10/18: Report of the Tenth Meeting of the Board, 6-9 July 2015
- GCF/B.09/24: Report of the Ninth Meeting of the Board, 24–26 March 2015
- GCF/B.08/46: Report of the Eighth Meeting of The Board, 14-17 October 2014
- GCF/B.07/12: Report of the Seventh Meeting of the Board, 18-21 May 2014
- GCF/B.06/19: Report of the Sixth Meeting of the Board, 19-21 February 2014
- GCF/B.05/24/REV.01: Report of the Fifth Meeting of the Board, 8-10 October 2013
- GCF/B.04/18: Report of the Fourth Meeting of the Board, 26-28 June 2013
- GCF/B.01-13/13: Report of the Third Meeting of the Board, 13-15 March 2013
- GCF/B.02-12/13: Report of the Second Meeting of the Board, 18-20 October 2012
- GCF/B.02-12/11: Report of the First Meeting of the Board, 23-25 August 2012
- GCF/B.01-12/10: Report of the First Meeting of the Board, 23-25 August 2012
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- GCF/B.20/XX: Enhancing climate rationale of GCF-supported activities, XX July 2018
- GCF/B.20/XX: Principles for Co-financing, XX June 2018
- GCF/B.20/XX: Principles for Concessionality, XX July 2018
- GCF/B.20/XX: Principles for incremental costs and full costs, 4 May 2018
- GCF/B.20/XX: PSAG recommendations on opportunities to engage the private sector in adaptation, XX June 2018
- GCF/B.22/Inf.XX: An integrated approach to addressing policy gaps to ensure climate impact: an overview of policies related to the consideration of funding proposals, 28 December 2018
- GCF/B.22/XX: Co-financing matters, 28 December 2018
- GCF/B.22/XX: Incremental and full cost calculation methodology, 28 December 2018
- GCF/B.22/XX: Investment criteria indicators, 28 December 2018
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- GCF/B.22/XX: Programmtic approach to funding proposals, 28 December 2018
- INFORMAL DFAFT: Mapping of elements related to project or programme eligibility and selection criteria, 25 May 2018
- INFORMAL DRAFT: An integrated approach to addressing policy gaps to ensure climate impact: an overview of policies related to the consideration of funding proposals, 25 May 2018
- INFORMAL DRAFT: Further options for Decision-making relating to funding proposals, 25 May 2018
- INFORMAL DRAFT: Identification of results areas where targeted GCF investment would have the most impact, 25 May 2018
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concessionality, and co-financing, 25 May 2018

- INFORMAL DRAFT: Investment criteria indicators, 25 May 2018
- INFORMAL DRAFT: Review of the financial terms and conditions of the Green Climate Fund financial instruments, 25 May 2018
- INFORMAL DRAFT: Revision of the structure and operations of the independent Technical Advisory Panel, 25 May 2018
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- Climate Finance Advisors and Center for Clean Air Policy. (2018). GCF PSF Strategy Roadmap, Final Presentation
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- DecisionB.19/15: Revised 2018 Readiness Work Programme and measures for programme improvement
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- GCF.(2018) PSAG recommendations on the development of a private sector outreach plan. Nineteenth Meeting of the Board. Songdo, South Korea
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- GCF/B.17/08: Operational Framework on complementarity and coherence, 21 June 2017
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- GCF/B.18/10: Structure and staffing of the Secretariat, 15 September 2017
- GCF/B.18/Inf.11, Review of the structure and effectiveness of the independent Technical Advisory Panel
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- GCF/B.21/04: Review of structure, performance and capacity of iTAP
- GCF/B.21/05 and Add.01 The review of the financial terms and conditions of the Fund's financial instruments
- GCF/B.21/08: The review of the Accreditation Framework
- GCF/B.21/22: Workplan and Budget of the Independent Integrity Unit for 2019, 26 September 2018
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- GCF/B.21/Inf.08 Steps to enhance the climate rationale of GCF-supported activities Independent Integrity Unit. (2017). Safeguarding Climate Finance, 2017 Annual Report. Green Climate Fund, Songdo, South Korea
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- Programme for 2018 – Addendum I Final report from Dalberg on the initial review of the Readiness Programme
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- PSAG recommendations on mobilisation of private sector finance to progress the GCF forestry-related results areas
- PSAG recommendations on opportunities to engage the private sector in adaptation
- UPDATE TO PSAG APRIL 2018 VOLUME. 01
- GCF/B.19/30 PSAG recommendations on the development of a private sector outreach plan
- GCF/B.19/31 PSAG recommendations on the development of modalities to support activities enabling private sector involvement in LDCs and SIDS

- GCF/B.17/03 Analysis of barriers to crowding-in and maximizing the engagement of the private sector, including Private Sector Advisory Group recommendations
- GCF/B.16/Inf.04/Add.01 Reports from committees, panels and groups of the Board of the Green Climate Fund – Addendum
- GCF/B.14/Inf.04 Reports from committees, panels and groups of the Board of the Green Climate Fund
- GCF/B.10/16 Recommendations from the Private Sector Advisory Group to the Board of the Green Climate Fund
- GCF/B.08/37 Recommendations from the Private Sector Advisory Group: Private Sector Facility: Mobilizing Funds at Scale
- GCF/B.08/38 Recommendations from the Private Sector Advisory Group: Private Sector Facility: Instruments to Mobilize Private Sector Resources
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