
Annex VII: Management Action Report on the Independent Evaluation of the GCF's Environmental and Social Safeguards and the Environmental and Social Management System

1. Decision B.BM-2021/07 established the Green Climate Fund's Evaluation Policy (see document GCF/BM-2021/09). This Policy describes how all evaluations (or reviews or assessments) submitted by the IEU to the Board will have an official management response prepared by the GCF Secretariat (prepared in consultation with relevant GCF stakeholders) to inform Board decision-making (see paragraph 58 (g) / appendix III).
2. Management action reports are prepared by the Independent Evaluation Unit and received by the Board to provide an overview of the Board's consideration of the recommendations, respective management responses, and the status of implementation (see GCF/BM-2021/09, paragraph 28, paragraph 64 (b) / appendix I / appendix III).
3. In preparing this MAR, the IEU considered the Secretariat's management response to the Independent Evaluation of the GCF's Environmental and Social Safeguards and the Environmental and Social Management System (GCF/B.27/13/Add.01). Decision B.30/11 invited members and alternate members of the Board to consider the findings, recommendations, and corresponding secretariat management response of the Independent Evaluation of the GCF's Environmental and Social Safeguards and the Environmental and Social Management System (hereafter ESS evaluation) alongside four other IEU evaluations. As requested in this decision, the IEU prepared a summary of views expressed by members and alternate members of the Board on each evaluation. This summary was annexed to the IEU's 2021 Annual Report (GCF/B.31/Inf.09).
4. All submissions agreed with the recommendations around giving more weight to environmental and social benefits for projects to incorporate co-benefits and counterbalance perceived risks. The recommendation concerning the need for an accreditation strategy and for reaccreditation to consider the extent to which entities have pursued co-benefits and ES performance and responsible investing principles was duly noted and appreciated.
5. Questions were raised across the submissions on how well the Integrated Results Management Framework (IRMF) integrates and reflects some of the recommendations from the evaluation and also what the next step would be in improving the GCF's ESS in view of the IRMF. Some Board members, through the submissions, requested the Secretariat to duly consider the recommendations of this evaluation when preparing a draft of the new ESS standards, also echoing the need for the standards to go beyond "do no harm".
6. Through the submissions, some Board members also noted that the evaluation would have benefitted from articulating the need for future ESS standards to incorporate requirements for conflict-sensitive analysis and considered that the topic of how best to prevent and address reprisals and retaliation was missing from the evaluation.
7. Of the 37 recommendations and sub-recommendations of the evaluation, the Secretariat's management response agrees with 29 recommendations and sub-recommendations and partially agrees with 8. The Secretariat did not disagree with any of the recommendations.

8. For each recommendation made by the IEU evaluation, this MAR provides a rating and commentary prepared by the IEU. The draft rating scale and commentary were shared and discussed with the Secretariat prior to the writing of this report. The comments provided by the Secretariat were then taken into account in the preparation of the MAR. The rating scale for the progress made on the adoption of recommendations is as follows:

- (a) High: Recommendation is fully adopted and fully incorporated into policy, strategy, or operations.
- (b) Substantial: Recommendation largely adopted but not fully incorporated into policy, strategy, or operations yet.
- (c) Medium: Recommendation is adopted in some operational and policy work, but not significantly in key areas.
- (d) Low: No evidence or plan for adoption, or plan and actions for adoption are at a very preliminary stage.
- (e) Not rated: Ratings or verification will have to wait until more data is available or proposals have been further developed.

9. In terms of the progress made with the adoption of the 37 recommendations and sub-recommendations set out in the evaluation, the rating “high” is given to four recommendations, the rating “substantial” is given to four recommendations, the rating “medium” is given to 12 recommendations and one sub-recommendation, and the rating “low” is given to 12 recommendations and four sub-recommendations.

No.	IEU recommendations	Management response	IEU rating	IEU comments
TOPIC 1: Coherence of the ESS and ESMS				
1.1	The GCF's planned revision of its interim ESS standards needs to address gaps identified in this evaluation and should be customized to GCF's mandate. [Within a year].	Agree. The Secretariat agrees that the GCF's planned revision of its interim ESS standards needs to consider the gaps identified in the evaluation that is suited to its climate mandate in consultation with both internal and external stakeholders. The adoption of the new ESS has been included in the Board Workplan for 2020-2023.	High	The Secretariat completed the draft Environment and Social Safeguards Standards (ESS) in March 2022. A stakeholder consultation event took place in April 2022 with stakeholders and civil society. The Secretariat has confirmed that the final stage, Stage 3 Sharing for public consultation, has since commenced. Circulation with the Board has yet to be determined.
1.2	The GCF's planned revision of its interim ESS standards and the development of its ESMS must ensure environmental and social performance and co-benefits, as well as responsible investing principles, are integrated into the GCF's ESMS. [Within a year].	Agree. The Secretariat agrees that GCF must ensure that environmental and social performance co-benefits, as well as responsible investing principles, are integrated to the GCF's ESMS. Currently, these are embedded within various GCF policies and frameworks. Identification of co-benefits within funding proposals at the design and review stage are stipulated in the <i>initial</i> investment framework, while reporting of environmental and social performance will be covered by the draft Integrated Results Management	Substantial	The Board adopted the <i>integrated</i> results management framework (IRMF) at B.29 in decision B.29/01, Annex I. The <i>initial</i> results management framework, adopted at B.08 in decision B.08/07, advised that (i) mitigation interventions report on at least one co-benefit and (ii) the identification of adaptation co-benefits was not critical (GCF/B.07/04, para. 24). The IRMF puts more emphasis on identifying and reporting co-benefits. Notably, co-benefits must now be at the same level as the project/ programme outcomes level in the theory of change diagram submitted in section B2(a) for the proposal approval process (PAP) and D2 for the simplified approval process (SAP) (Guidance Note to support the completion of the IRMF elements of the

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		<p>Framework (IRMF). The IRMF proposes a framework that would allow co-benefits to be identified and reported more systematically by AEs. Until an updated framework is adopted by the Board, the Secretariat shall be guided by the current investment and results management frameworks.</p>		<p>revised funding proposal template for PAP and SAP, Figure 3, p. 9.).</p> <p>All co-benefits listed in sections B2(a) and D2 are further elaborated in section D3 regarding ‘sustainable development potential’ in the respective FP templates for the PAP and SAP. The IRMF also introduced a new section for mapping outcomes to GCF result areas and categorizing co-benefits (see B2(b) for PAP and B2.2 for SAP).</p> <p>Further, if co-benefits are identified, corresponding indicators should be included in the FP templates’ logframe along with a baseline, means of verification (MoV), and mid-term and final targets (section E5 for PAP/ Annex 2a – section 3 for SAP). The Guidance note also explains how to differentiate between cross-cutting projects and projects with mitigation/adaptation co-benefits and includes examples from GCF-funded projects (p.8).</p> <p>However, the IRMF still does not mandate accredited entities (AEs) to report project co-benefits in their annual performance reviews (APRs). In line with the <i>initial</i> RMF’s practice, AEs are encouraged to add and monitor co-benefits under respective project/programme level logframes. The Secretariat stated that co-benefit indicators are required to be monitored and reported on in the APRs. Although the IRMF policy does not explicitly require reporting on these indicators (as indicated above).</p>

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				The integration of considerations made by the IRMF into the GCF's ESMS are yet to be articulated.
1.3	The Secretariat should also focus on setting up operational guidance as well as reporting and monitoring systems that focus not just on environmental and social risks but also on performance and co-benefits. [Within a year].	<p>Agree.</p> <p>The Secretariat agrees in principle with the value of setting up operational guidance as well as reporting and monitoring systems that focus not just on environmental and social risks but also on performance and co-benefits. The draft IRMF proposes a framework that would allow environmental and social co-benefits to be identified and reported more systematically by AEs. Subject to adoption of this by the Board, the Secretariat could implement relevant operational guidance.</p>	Substantial	<p>As described in recommendation 1.2, under the IRMF AEs are encouraged to add and monitor co-benefits. AEs can also report co-benefits in a narrative format (Decision B.29/01, Annex I, para. 35-36). However, this is not mandatory.</p> <p>Regarding setting up operational guidance, the Secretariat published a guidance note to support the completion of the IRMF elements of the revised funding proposal (FP) template for PAP and SAP. The guidance emphasizes identifying and capturing environmental and social co-benefits in FPs.</p> <p>Additionally, the draft IRMF Results Handbook includes guidance on monitoring, reporting and communicating project results. The document notes that where co-benefit indicators have been included in the logframe, AEs should report progress against these within the APR (p.28). However, no further details are provided on how to monitor and report project/programme level results.</p> <p>The Secretariat indicated that it also plans to update the APR template with the IRMF-related reporting requirements and other changes.</p>

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1.4	<p>The development of the new ESMS should consider:</p> <p>a) specific and tailored guidance on newly adopted ESS, clarifying how the environmental and social principles of the ESP are integrated into screenings, environmental and social assessments, and due diligence processes used by the Secretariat.</p>	<p>Partially agree.</p> <p>The Secretariat envisions that the new ESS should contain sufficient guidance on the matter so that it will not be necessary to develop additional guidance documents. However, after the Board adopts the new ESS, the Secretariat will assess whether further guidance documents are necessary. This is included in the Board Workplan for 2020-2023.</p>	Low	<p>The Secretariat has indicated that it will assess if further guidance documents may be addressed after the Board’s adoption of the new ESS standards.</p> <p>The Secretariat also noted that the Revised environmental and social policy, Indigenous Peoples Policy, and the Updated Gender Policy will be reviewed on an “as needs” basis.</p>
	<p>b) specific guidance for human rights due diligence.</p>	<p>Agree.</p> <p>The Secretariat will endeavor to address this issue, and stand guided by the Board as to what is included in the new ESS to be considered by the Board.</p>	Medium	<p>The Revised environmental and social policy adopted in decision B.BM-2021/18 (and applicable to all projects from B.32 onwards) includes human rights as a guiding principle and as part of the environmental and social assessment. Consequently, all activities are screened for potentially adverse impacts on promoting, protecting, respecting, and fulfilling human rights.</p> <p>The Secretariat stated that the Board’s determination will guide it on human rights considerations in the draft ESS Standards.</p>
	<p>c) a stakeholder engagement policy.</p>	<p>Agree.</p>	Low	<p>The Revised environmental and social policy adopted by the Board in decision B.BM-2021/18 includes the</p>

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		<p>The Secretariat agrees that there is room for strengthening stakeholder engagement processes within countries and has been mandated by the Board to develop best practice options for stakeholder engagement. While the Fund has no stand-alone stakeholder engagement policy, the GCF is guided by the initial best practice options for country coordination and multi-stakeholder engagement. In addition, stakeholder engagement is one of the principles guiding how GCF will implement the ESMS. At the project-level, a GCF Guidance Note on Designing and ensuring meaningful stakeholder engagement on GCF-financed projects has been developed. The Secretariat stands guided by the Board as to the need to develop a Stakeholder Engagement Policy. Notwithstanding, the Secretariat will consider this in the development of the new ESS.</p>		<p>guiding principle of broad multi-stakeholder support and participation. The policy says this will be supported by disclosing relevant details under the GCF Information Disclosure Policy (decision B.12/35, paragraph (a)). In addition, under paragraph 12, the Secretariat is responsible for ensuring that persons, communities and countries affected or potentially affected by activities are consulted and, where required, that free, prior and informed consent of indigenous peoples is obtained (alongside access to the Independent Redress Mechanism). The GCF 'Sustainability guidance note: Designing and ensuring meaningful stakeholder engagement on GCF-financed projects' was updated and published on 1 May 2022.</p> <p>The Secretariat underscored that the Evaluation Operational Guidelines and Procedures, which are being drafted, will set out recommended steps for building stakeholder engagement at various stages of interim and final evaluations.</p> <p>However, these would serve as operational guidance and would not constitute a separate stakeholder engagement policy.</p>
	<p>d) specific and tailored guidance for the implementation of the gender policy that in</p>	<p>Agree.</p> <p>The Secretariat is developing an operational manual as guidance for the implementation of the updated gender</p>	<p>Low</p>	<p>The Board adopted the Gender Policy in decision B.24/12. As of 19 July 2022, the stated guidance for the implementation of the updated Gender Policy was not accessible internally or externally.</p>

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	turn adheres to international standards.	policy. The Secretariat agrees that this should adhere to international standards.		The Secretariat indicated that an update to the “Mainstreaming Gender in Green Climate Fund Projects” (published in 2017) has not been completed due to capacity constraints.
	e) monitoring and reporting tools, including a monitoring policy for ESS, environmental and social performance and co-benefits. [Within a year].	Agree. The Secretariat agrees with the value of establishing monitoring and reporting tools on environmental and social performance and co-benefits. It notes that it would be timely to do so after the Board’s consideration and adoption of an IRMF, at the same time as relevant guidance and templates are updated.	Low	The IRMF was adopted in decision B.29/01 and came into force at B.32. The IRMF includes environmental, social and gender categories of co-benefits. The Secretariat stated that once an AE identifies a co-benefit and includes the relevant indicators, these will be monitored and reported in the APRs as part of the logframe. However, as described in recommendation 1.2, the IEU notes that the IRMF only encourages such reporting in APRs and further notes that the APR template still lacks the IRMF-related reporting requirements and other changes. As previously mentioned, the Secretariat anticipates completing the update by 2023. The Secretariat further indicated that it is planning to initiate the revision of the Programming Manual towards the end of 2022, which may include further guidance on using monitoring and reporting tools for results.
1.5	The GCF should plan to deal with the capacity gap of DAEs as it develops its new ESS standards. GCF's	Agree. The Secretariat currently addresses the capacity gap of DAEs through readiness support. This is available for all DAEs	Low	One of the GCF’s RPSP objectives is the support of DAEs. However, as indicated by the IEU in its ESS evaluation, there is a lack of explicit outcome indicators for ESS capacity-building (p. 10).

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	<p>ESS/Sustainability Unit could learn important lessons from other agencies' experiences with direct access. [Within a year].</p>	<p>who have become accredited and must satisfy conditions related to ESS matters. DAEs may also be the beneficiaries of readiness support to help them comply with other Board-approved policies of the fund, including the new ESS standards, once it has been adopted by the Board.</p>		<p>The 2020 publication of the RPSP Guidebook includes an indicative list of activities for readiness support, presented in Annex II of the Guidebook. This list includes building the capacity of accredited DAEs regarding GCF activities related to ESS, the gender policy and action plan, and monitoring, reporting, and evaluation.</p> <p>The GCF's Executive Director endorsed the Readiness Results Management Framework (RRMF) in February 2022. It is expected to launch in Q3 of 2022 (GCF/B.33/07, Annex III, para.7). The RRMF aims to allow NDAs and other delivery partners to report the results from readiness grants, thus helping the GCF to better capture the RPSP's outcomes. Two informational webinars were held on 6 July 2022. As of 22 July 2022, the RRMF is not available internally or externally on the GCF website.</p> <p>The Secretariat stated that RRMF indicators related to DAE accreditation do not focus specifically on the ESS. It also underscored that, to secure or maintain their accreditation status, DAEs must meet GCF standards based on financial standards, EES, and gender among other requirements.</p> <p>The Secretariat also underscored that the functions of the Indigenous Peoples Advisory Group (IPAG), established in 2022, include providing advice to accredited entities, including DAEs, on GCF-financed activities affecting indigenous peoples and reviewing</p>

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				and monitoring the implementation of the Indigenous Peoples Policy, particularly on the appropriate modality to enhance dialogue among indigenous peoples, GCF, states, accredited entities and executing entities, and other experts.
1.6	The GCF should commit to assessing the implementation of the updated gender policy to allow for improvements and revisions. [Within a year].	Agree. The updated gender policy was recently approved by the Board at B.24. More time will be needed to assess implementation, as only the funding proposals approved at B.25 onwards are expected to implement the policy. Further, the decision to revise the policy is a Board mandate as per the policy and should come from the Board.	Medium	<p>The Board adopted the GCF's Gender Policy in decision B.24/12. The decision sets out the updated gender policy and gender action plan across the Fund's investment criteria, and as an integrated measure of the social dividends of the overall portfolio.</p> <p>The Gender Action Plan 2020-2023 was also adopted in decision B.24/12. The Revised environmental and social policy was adopted in decision B.BM-2021/18 and applies to all projects from B.32 onwards. The policy revises and reaffirms GCF's commitment to addressing sexual exploitation, sexual abuse and sexual harassment. It also reaffirms the GCF's commitment to environmental and social considerations in its funded activities. The GCF's environmental, social, indigenous and gender policies are also affirmed in the Board's Updated Workplan for 2020-2023.</p> <p>The Secretariat clarified that the Board would consider the timing for the review of the Gender Policy when it updates its 2024-2027 work plan.</p>
1.7	The GCF must develop guidance for identifying co-benefits and ensure	Partially agree.	Medium	The IRMF was adopted in Annex I to decision B.29/01. Subsequently, the Guidance note to support the completion of the IRMF elements of the revised FP

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	<p>these are monitored and reported with rigour and credibility. It should also consider responsible investing principles and adopt Key Performance Indicators (KPI) to guide projects on impact reporting concerning ESS. [Within a year].</p>	<p>The Secretariat agrees with the value of developing guidance for identifying, monitoring and reporting on co-benefits. The Initial Investment Framework already recognizes the value of co-benefits within the Sustainable Development criteria. Funding proposals with co-benefits will rate high as compared with similar funding proposals without co-benefits. A further accentuation of the appeal of co-benefits will be seen in the draft IRMF, which also addresses the identification and reporting of co-benefits. However, the development of the IRMF and the guidance accompanying it may take more than a year.</p> <p>As mentioned earlier, responsible investing principles are already incorporated within GCF's policies and frameworks.</p>		<p>template for PAP and SAP was published in January 2022. In addition, the draft IRMF Results Handbook was published on 19 May 2022. These documents provide guidance on identifying and capturing information on environmental, social, economic and gender-related co-benefits.</p> <p>The Secretariat said that once an AE identifies a co-benefit, it will be incorporated into the logframe. The Secretariat further claimed that co-benefit indicators will be monitored and reported. However, as indicated above in the IEU comment for recommendation 1.2, reporting on co-benefit indicators is not mandatory but only encouraged.</p> <p>The Secretariat further underscored that the Guidance note to support the completion of the IRMF elements of the revised PAP and SAP FP template and the draft IRMF Results Handbook include guidance on monitoring and reporting project results, including co-benefits.</p> <p>The Secretariat also noted that given the Board's guidance during the IRMF's adoption and the AEs' varying capacities, it did not develop further detailed guidance as part of the Results Handbook.</p>
1.8	<p>The GCF should develop clear guidance on the criterion of 'sustainable</p>	<p>Agree.</p> <p>Sustainable development potential is recognized in the assessment of the investment criteria and is considered</p>	High	<p>The GCF Programming Manual was published in July 2020. Table 20 of the manual explains each investment criterion and includes examples from existing GCF Board-approved FPs (pp. 113-116).</p>

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	development potential'. [Within a year].	<p>during the assessment of the funding proposals.</p> <p>The Secretariat has developed a programming manual that provides clearer guidance on the criterion of 'sustainable development potential', which includes guiding questions and good examples of application in approved funding proposals. The programming manual is intended to be published within 2020.</p>		<p>Furthermore, the GCF Appraisal Guidance, published in June 2022, provides definitions for each co-benefit and a list of examples.</p> <p>Version 2 of the Investment Criteria Scorecard (ICS) was completed in 2020 and published on the GCF website in June 2022. Thus far, it has been implemented by the Division of Mitigation and Adaptation (DMA) and the Division of Private Sector Facility (DPSF). The tool includes questions to guide the assessment of FPs against the 'sustainable development potential' criteria.</p> <p>The Secretariat said it initially developed the tool for its due diligence process. However, while developing the GCF Appraisal Guidance, the Secretariat proposed providing the AEs with the ICS and other tools to facilitate due diligence and ensure consistent interpretation of GCF investment criteria between the AEs and the Secretariat.</p>
1.9	Set up operationalized mechanisms with other agencies such as the Global Environment Facility (GEF) and Adaptation Fund (AF) to enhance complementarity at the fund, national, and activity levels. In	<p>Agree.</p> <p>The Secretariat agrees that there is need for operationalized mechanisms for more complementarity and coherence. The Secretariat has been leading collaboration efforts with other Funds, including GEF and AF to identify opportunities for enhanced complementarity and coherence across</p>	Low	The Secretariat's Annual Update on Complementarity and Coherence, prepared for B.27 (GCF/B.27/Inf.12, Annex III) and B.30 (GCF/B.30/Inf.11/Add.04), examines the GCF's compliance with Board decision B.17/04 to strengthen complementarity and enhance coherence among operations and processes across climate finance institutions. The Secretariat held regular exchanges with other climate funds. The annual update does not specify whether these exchanges

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	<p>developing the ESMS, the GCF should discuss opportunities for complementarity with the AF and GEF, including establishing more coordinated and holistic support for ESS from the RPSP. The GCF could also convene these agencies to explore an information-sharing system.</p>	<p>a range of operational activities. This has included structured efforts to collaborate and share information to successfully replicate, scale up, and align synergies in new programming, as well as a Climate Funds Collaboration Platform on Results, Indicators and Methodologies for Measuring Impact. The Secretariat also holds regular exchanges with all climate finance delivery channels and hosts annual meetings with other climate funds at the UNFCCC COPs where mutual progress and areas for further cooperation are assessed. There is potential to expand this collaboration into other areas, such as ESS. However, the Secretariat recognizes that additional resources are required to facilitate the creation of the platform and systems needed.</p>		<p>included discussions on the ESMS and/or holistic support for ESS.</p> <p>Additional comparative assessment with other climate funds were undertaken by the Secretariat during stage 1 of the development of the GCF ESS.</p>
TOPIC 2: Process and operations				
2.1	<p>The GCF should consider developing an accreditation strategy that aligns with the GCF's Strategic Priorities. Specifically,</p>	<p>Agree.</p> <p>The Secretariat notes that the draft updated Strategic Plan for the GCF contains strategic directions and</p>	Substantial	<p>The Updated Strategic Plan (USP), adopted in decision B.27/06, describes how the GCF will take a more strategic approach to accreditation. This will include developing alternative accreditation modalities such as the project specific assessment approach (PSAA).</p>

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	<p>re-accreditation should start to consider the extent to which entities have planned and realized co-benefits and climate, environmental, and social performance in their overall portfolios and recognized responsible investing principles. The GCF should ensure that the desk-based assessment undertaken during accreditation is replaced by a more robust procedure for assessing an AE's institutional capacity to monitor and report on the implementation of ESS management measures and environmental and</p>	<p>priorities related to accreditation including:</p> <p>(a) That moving ahead both accreditation/re-accreditation should be linked to value-addition to programming and filling gaps in coverage relative to countries' programming priorities;</p> <p>(b) To increase the share of DAEs and their role in programming</p> <p>(c) To ensure reaccreditation takes into account overall portfolio performance.</p> <p>The updated Strategic Plan for the GCF also indicates that a further analysis of the AE portfolio will be done to provide evidence to inform where the strengths and gaps in coverage and capabilities are, which could then inform a Board prioritization decision.</p> <p>In addition, the Secretariat has supported the Accreditation</p>		<p>Subsequently, the Updated Accreditation framework of the GCF was adopted by the Board in Annex IV to decision B.31/06. The document included the introduction of the Project-specific assessment approach (PSAA).²³</p> <p>Decision B.31/06/annex 4 also clarifies that the Accreditation Panel shall use independent consultants or firms, under the guidance of the Accreditation Panel, to conduct its review of applications in Stage II.</p> <p>Finally, an accreditation strategy was submitted for Board consideration in document GCF/B.33/08. The document proposes a hybrid operating model with transformative programming targets and AE capacity development objectives. The document is pending the Board's approval.</p>

²³ The document also revised the scope of the review under Stage II. As per the updated framework, the stage II process (Institutional accreditation review process and decision) now only includes two steps: (1) the review of the application for accreditation to be conducted by the Accreditation Panel; and (2) the decision on the application, to be made by the Board on the basis of the outcome of the review and recommendation of the Secretariat from Stage I and the Accreditation Panel from Stage II (Step 1).

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	social performance. [Within a year].	<p>Committee in its development of an updated Accreditation Framework, which includes recommended improvements to the current institutional accreditation framework and proposed the project-specific accreditation approach. The recommendations include the consolidation of technical reviews fully under the Accreditation Panel (AP) (rather than having it also partly under the Secretariat during Stage I), and that the AP shall utilize a panel of firms to conduct its due diligence. The intent of requiring the AP to utilize such firms is to not only address capacity constraints, but also to facilitate language barriers and in-person presence through firms with local/regional/global presence. Beyond this, the AP conducts site visits for applicants, however, the extent of travel is contingent upon availability of budget, extent/duration of site visits needed, etc. The updated Accreditation Framework remains under consideration by the Board and is included within the Board Workplan for 2020-2023.</p>		

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2.2	<p>Increase support available to candidate DAEs before and after accreditation to address ESS requirements through the RPSP. [Within two years].</p>	<p>Agree.</p> <p>The Secretariat agrees to increase support to DAEs post accreditation to address ESS requirements which is readily available through readiness support. The Secretariat aims to make available training modules to build capacity and expertise of DAEs on ESS. Considerable readiness support is already available for entities prior to accreditation. This includes support for the identification and nomination of potential DAEs. The Readiness Programme also offers customized capacity assessments against the fund’s accreditation framework for nominated DAEs as well as tailored capacity building support to close identified accreditation gaps for ESS and other areas. The Secretariat can provide more guidance to ensure NDAs and candidate DAEs are aware of this pre-accreditation support to increase uptake.</p>	Medium	<p>The Secretariat’s B.29 Activity Report (GCF/B.29/Inf07, para. 83(b)) listed environmental and social assessments, gender, and monitoring and evaluation as options when developing DAE training modules as part of the GCF’s project development implementation. However, none of the subsequent Secretariat activity reports indicate progress in this proposed capacity-building initiative. The development of ESS training modules was also included as a goal in the RPSP work programme and budget for 2022-2023 (GCF/B.33/07, para 7(d)).</p> <p>The RPSP Guidebook, published in March 2020, indicates that readiness support is available to “candidates for accreditation and those DAEs already accredited” (p.24). The indicative list of readiness support activities in Annex II of the RPSP Guidebook includes “building the capacity of accredited direct access entities in relation to the GCF activities, in areas such as ESS, the GCF gender policy and action plan, and monitoring, reporting and evaluation” (p. 42). To facilitate broader stakeholder access, the RPSP Guidebook is available in English, Arabic, French and Spanish (GCF/B.33/07, Annex III, para. 30).</p> <p>Additionally, the Secretariat foregrounded dedicated technical assistance through its roster of firms to address accreditation gaps for ESS requirements. The Secretariat also stated that it has improved awareness</p>

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				of the RPSP resources available to Delivery Partners (DPs) in meeting the update of the ESS policies.
2.3	Track and report on RPSP support for ESS capacity for candidate DAEs. [Within two years].	<p>Agree.</p> <p>The Secretariat tracks and reports capacity support provided to DAEs. To the extent possible, the Secretariat will report on the capacity support provided specific to ESS.</p>	Low	<p>See IEU Comment on recommendation 1.5.</p> <p>Further, the Secretariat stated hiring a DAE manager will assist in tracking and reporting on RPSP support for ESS capacity for DAEs.</p>
2.4	Consider a radical surgery on the PPF, based on its poor performance, to improve the processing times and targeting of the PPF. [Within two years].	<p>Partially agree.</p> <p>The Secretariat has already taken action with regards to improving the processing times of PPF. The PPF application process has been revised and simplified in April 2020. Through this new process, we expect that the overall processing time will be greatly reduced. In addition, the Secretariat is providing different access options to PPF, which include, for example, the possibility for accredited entities to be directly supported in the preparation of their projects/programmes by a roster of highly qualified firms.</p> <p>On targeting, the Board decided PPF should support all AEs, especially DAEs, especially for projects in the</p>	Medium	<p>Decision B.27/06's reference to the USP states that the Project Preparation Facility (PPF) will be used more efficiently to build lasting institutional capacity by allocating adequate and predictable resources.</p> <p>The Secretariat explained that the PPF processing time had been reduced to 160 days. The Secretariat stated it is pursuing different measures to further reduce processing times for PPF Funding and PPF Service modalities. These measures may include re-directing Secretariat resources towards processing a larger volume of PPF requests from DAEs and AEs (including via PSAA) in GCF-1.</p>

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		<p>micro-to-small size category. Currently, two thirds of the projects in PPF's pipeline and portfolio are supporting projects from DAEs to develop micro-to-small sized underlying projects.</p> <p>The Secretariat has also improved the coordination between the PPF and the Readiness Programme to ensure that there is appropriate support to DAEs/NDAs at the onset of the concept note development, which is intended to seek PPF support.</p>		
2.5	<p>Develop a systematic result monitoring and measurement system to monitor and report the progress and outcomes of the PPF. [Within two years].</p>	<p>Agree.</p> <p>The Secretariat currently has a system to monitor PPF pipeline and portfolio information. It is used to track individual PPF's status, progress and the final outcome, which is the submission of a funding proposal to the GCF. This system is also used for providing data to report PPF status at each Board meeting. The Secretariat continues to improve the system to reflect any new changes and requirements.</p>	Medium	<p>Since B.25, when the ESS evaluation was first submitted for the Board's consideration, the Secretariat has published updated PPF Guidelines (October 2020). According to the guidelines, AEs must report to the GCF Secretariat or the GCF's designated agent on an agreed schedule against deliverables and budget outlined in the approved PPF application (p.13). The AEs must also report all completed technical deliverables and provide interim progress and completion reports (p.13). The Secretariat uploaded templates for the Project PPF Progress Report and the PPF Completion Report to the GCF's website in June 2020. Both templates include sections titled "Reporting on Project preparation activities." These allow AEs to summarize completed PPF activities, outputs, milestones, and deliverables.</p>

No.	IEU recommendations	Management response	IEU rating	IEU comments
				<p>The Secretariat stated that it maintains a dashboard to monitor aspects of the PPF pipeline and portfolio, including tracking of funding, PPF status, progress towards completing PPF deliverables, and the number of FPs delivered via PPF support. The United Nations Office for Project Services (UNOPS) provided the Secretariat with an additional dashboard. The UNOPS-developed dashboard shows the status of grant agreement negotiations, implemented activities, and submitted reports. It also provides a repository for documents relevant to reporting and monitoring progress and outcomes.</p>
2.6	<p>Ensure that the Secretariat continues to be engaged throughout the implementation stage of the PPF. [Within two years].</p>	<p>Agree. The Secretariat remains engaged throughout the implementation stage of all PPF applications, including monitoring the implementation status, continuous engagement with accredited entities, and providing additional support applying adaptive measures where required.</p>	Medium	<p>According to the PPF Guidelines, published in October 2020, when AEs report to the Secretariat or the GCF designated agent, they use the PPF progress report template and attach their completed deliverables to the reports (p.13).</p> <p>Following the published guidelines, the Secretariat stated that it is involved in the reporting and review of PPF implementation. Reporting requirements vary based on the relevant agreements. Regarding PPF Service, the Secretariat confirmed that, along with the AE, it reviews the outputs produced by the firms to ensure alignment with GCF policies and standards.</p> <p>Regarding PPF Service, the Secretariat confirmed that, along with the AE, it reviews the outputs produced by</p>

No.	IEU recommendations	Management response	IEU rating	IEU comments
				the firms to ensure alignment with GCF policies and standards.
2.7	Reviews options to increase awareness of the PPF amongst stakeholders; increase staffing. [Within two years].	Agree. The Secretariat is currently taking action to increase awareness amongst stakeholders with regards to PPF. An updated guidance on the PPF will be released in 2020, translated into French, Spanish and Arabic. Webinars and other outreach activities will also be organized to increase awareness of the PPF. Increased staffing would be helpful to make sure the Secretariat has the needed capacity to rollout PPF plans and activities.	Medium	<p>The Secretariat updated the PPF guidelines on 16 October 2020 and provided translations in French, Spanish and Arabic.</p> <p>The Secretariat also updated a range of PPF documents after the publication of the ESS evaluation in February 2020.²⁴</p> <p>Since B.28, one technical programming webinar for NDAs and DAEs across Asia (see GCF/B.28/Inf.10) featured the PPF. As of 19 July 2022, no webinar resources were referenced on the GCF PPF resources page.</p> <p>The Secretariat stated it has produced and shared infographics and explainer videos with relevant stakeholders. Moreover, the Secretariat indicated it included dedicated sessions in GCF regional programming dialogues and uploaded the recordings to the GCF website's events page.</p>

²⁴ These documents include : (i) the PPF audit report template (12 July 2021), (ii) the Project Preparation Facility audit terms of reference template (12 July 2021),(iii) the Letter of Request for Change of Approved Project Preparation Facility Application (15 February 2021), (iv) the Simplified PPF Funding Application (4 September 2020), the PPF Service Application (4 September 2020), (vi) PPF Confirmation of Services letter (4 September 2020), (vii) PPF Progress Report template (22 June 2020), and (viii) Project Preparation Facility Completion Report template (22 June 2020).

No.	IEU recommendations	Management response	IEU rating	IEU comments
				<p>The IEU noted eight documents which have not been updated since the cover date of the management response.²⁵</p> <p>The Secretariat stated that documents not yet updated will be revised in due course, especially after any changes in the templates are approved by the Board.</p>
TOPIC 3: Project design and approval				
3.1	Strengthen the process for identifying environmental and social performance and co-benefits and ensure they are robustly assessed and reported during the due diligence process by the Secretariat. [Within a year].	<p>Agree.</p> <p>The Secretariat currently identifies environmental and social performance and co-benefits through the investment criteria under the Investment Framework of the GCF. The draft Integrated Results Management Framework (IRMF) proposes a framework that would guide AEs to identify and report environmental and social co-benefits more systematically. The Secretariat will aim to strengthen its due diligence process ensuring it is</p>	Medium	<p>The IRMF is the only policy providing further definitions for the identification of co-benefits. While the IRMF, adopted in Annex I to decision B.29/01, puts more emphasis than the <i>initial</i> RMF on capturing information about co-benefits in project FPs, the reporting of co-benefits in APRs remains optional, albeit encouraged. The GCF Appraisal Guidance, published in June 2022, clarifies the link between development co-benefits, appraisal areas and investment criteria and sub-criteria (P.15). In addition to the Appraisal Guidance, version 2 of the Investment Criteria Scorecard Tool was published in June 2022, following completion in 2020. The updated tool includes a series of questions to guide the assessment</p>

²⁵ These include: (i) the Concept Note template (28 March 2016), (ii) the Project Preparation Facility Completion Report template (22 June 2020), (iii) the Project Preparation Facility Progress Report template (22 June 2020), (iv) the PPF Confirmation of Services letter (4 September 2020), (v) the No-objection letter for the Project Preparation Facility (PPF), (vi) the Project Preparation Funding Application (26 September 2017), (vii) the Simplified Project Preparation Facility Funding Application (4 September 2020) and (viii) the Project Preparation Facility Service Application (4 September 2020).

No.	IEU recommendations	Management response	IEU rating	IEU comments
		simple yet robust, informed by the Board's decisions on the IRMF.		<p>of FPs against 'sustainable development potential' criteria. The Project Success Rating (PSR) tool was also piloted in 2021 and is expected to be fully implemented in 2022 (GCF Appraisal Guidance, p. 68). The rating tool will be used by units involved in the second line of defence of the GCF's risk control function, including the Office of Risk Management and Compliance (ORMC), to complement the reporting provided to the Climate Investment Committee 3.²⁶</p> <p>The Secretariat underscored that from 2020 the ICS has been a standard tool in appraising FPs. The Secretariat further underscored that the ICS streamlined the Secretariat's internal due diligence process, ensuring that FPs are consistently assessed against clear indicators derived from the Investment Criteria and facilitating the analysis applied by internal technical experts.</p>
3.2	<p>In developing the ESMS, the GCF should:</p> <p>a) prepare guidance for AEs and for the Secretariat on how co-benefits may be identified for the</p>	<p>Partially agree.</p> <p>Some of this is already detailed in the Initial Investment Framework, particularly the six investment criteria which the AEs have access to and must adhere to.</p>	Medium	<p>The Board adopted the IRMF in decision B.29/01. The IRMF aims to balance the number of core and supplementary indicators available for measurement. The IRMF also notes that an AE can report co-benefits in a narrative format through APRs, separately from logframes. In December 2021, the Secretariat developed a guidance note on support the completion</p>

²⁶ The rating tool includes two components that capture the social and environmental impacts of the project: (i) the transition to long-term management/ownership and (ii) an ESS score (GCF Appraisal Guidance, pp.69-70).

No.	IEU recommendations	Management response	IEU rating	IEU comments
	<p>proposed project/programme</p> <p>b) prepare guidance on how to quantify estimated co-benefits using impact indicators</p> <p>c) prepare guidance on to how to integrate co-benefit monitoring with ESS monitoring. [Within a year].</p>	<p>The Secretariat will explore the need for additional guidance on how co-benefits may be identified in funding proposals for both internal and external use after we have a better assessment and measurement of co-benefits from our results management system. At such time, the Secretariat will ensure that the guidance is simple to use.</p> <p>The Secretariat also aims to develop training modules to be organized internally and externally.</p> <p>Guidance on impact indicators to quantify co-benefits and monitoring related to ESS will also be prepared, subject to Board approval of the IRMF.</p>		<p>of the IRMF elements of the revised funding proposal template for PAP and SAP. This document provides guidance on identifying and capturing information on co-benefits in project funding proposal. This information was subsequently shared with GCF stakeholders in two webinar sessions held in January 2022. Interpretation to Spanish and French was made available to the participants.</p> <p>The Secretariat highlighted that further initiatives are happening in 2022 and 2023, such as a training module on preparing a theory of change. The Secretariat will provide the module to external users in September 2022. These modules may look at further incorporating ESS considerations in logframes. The Secretariat further highlighted that it is planning to develop topical guidance notes under the IRMF which will include ESS co-benefits.</p>
3.3	<p>The GCF should consider including equity into its guidance for 'Sustainable Development Potential'. [Within a year].</p>	<p>Agree.</p> <p>The Secretariat is currently developing a programming manual that provides clearer guidance on the criterion of 'Sustainable Development Potential' consistent with the initial Investment Framework as adopted by the Board. The IRMF also includes indicators that look at how projects promote equity for women, the poor and marginal</p>	Low	<p>In decision GCF/B.29/01/Annex 1, the IRMF refers to 'sustainable development potential' in the links between the initial investment framework and the IRMF indicators. Moreover, the GCF Appraisal Guidance (30 June 2022) locates 'sustainable development potential' within the initial investment framework. It highlights the sub-criteria of environmental co-benefits, social co-benefits, economic co-benefits, and gender-transformative development</p>

No.	IEU recommendations	Management response	IEU rating	IEU comments
		<p>groups. Further guidance will be developed subject to the Board approval of the IRMF.</p>		<p>impact. Yet, equity is still not clearly linked to any of these sub-criteria.</p> <p>The Secretariat highlighted how the IRMF policy adopted by the Board was guided by the principles of priority and simplicity and recognized that the IRMF policy is limited in its ability to address all outstanding or pending issues concerning ESS. The Secretariat stated that in the spirit of the final Board decision, no further specific guidance was developed under the IRMF regarding promoting and monitoring equity for women, the poor and marginal groups.</p>
3.4	<p>The GCF should ensure that MAF tools and systems are operationalized and can capture the information necessary to follow up on FAA conditions. Specifically, the GCF should operationalize the portfolio management system. [Within a year].</p>	<p>Agree.</p> <p>The Secretariat is already working towards the operationalization of the MAF and a portfolio dashboard system that tracks AMA, FAA and disbursement conditions and stages of each project is already rolled out. An integrated portfolio performance management system is currently under development, with a rollout estimated within 2021 that will allow the Secretariat to assess implementation performance and identify early warning signals.</p>	Substantial	<p>The integrated Portfolio Management System tracks the status of the funded activity agreement (FAA) and disbursement conditions for each project, along with the fulfilment status of the Accreditation Master Agreement (AMA) conditions.</p> <p>The web-based Portfolio Performance Management System (PPMS) was first launched in January 2021 (GCF/B.28/Inf01). As of May 2022, AEs can submit the following documents via the PPMS: inception reports, annual performance reports, financial information reports, audited financial statements, and interim and final evaluation reports (GCF/B.33/Inf06, Annex 1). Modules for processing waivers and extensions are also available on the system (ibid.). Additionally, an internal risk and performance assessment form was launched in the PPMS (ibid.).</p>

No.	IEU recommendations	Management response	IEU rating	IEU comments
3.5	<p>Establish procedures for addressing active CSO observer comments on FPs related to ESS. There should be policies and procedures for engaging CSOs at the Board level and also at the project level, and all relevant FP documentation should be made public. [Within two years].</p>	<p>Agree.</p> <p>The Secretariat, in consultation with the Co-Chairs, is currently leading the review of the “Guidelines relating to the observer participation, accreditation of observer organizations and participation of active observers” for Board consideration in 2021, which can address the engagement with CSOs related to ESS at the Board level. The updated guidelines would be subject to approval by the Board and their implementation would entail additional resources related to staff and capacity building.</p> <p>The Secretariat agrees that all relevant FP documentation should be made public by the GCF in accordance with the Information Disclosure Policy. Robust implementation would entail additional resources related to staff, capacity building, and IT.</p> <p>Avenues for engagement of stakeholders are also provided in the conduct of environmental and social assessments and stakeholder consultations at the project level.</p>	Low	<p>The Guidelines relating to observer participation, accreditation of observer organizations and participation of active observers (decision B.1/13-03) were not discussed by the Board in 2021. Nor were they mentioned in the Report on the activities of the Co-Chairs for 2021 (GCF/b.31/inf.15). The Board is yet to consider the guidelines, which cover observers from civil society organizations (CSOs), private sector organizations (PSOs) and international entities. The Secretariat indicated it aims to submit the guidelines for Board consideration in 2023.</p> <p>The Secretariat underlined that it continues to make public all relevant FP documentation per the GCF's Information Disclosure Policy (decision B.12/35). The GCF Secretariat updated and published the ‘Sustainability guidance note: Designing and ensuring meaningful stakeholder engagement on GCF-financed projects’ on 1 May 2022. The guidance note is not a Fund policy nor mandatory. Further, while it explains how to meet the requirements for stakeholder engagement and consultation outlined in GCF policies, it does not provide specific guidance on liaising with observers.</p>

No.	IEU recommendations	Management response	IEU rating	IEU comments
3.6	If the PPF is to continue, it must build internal (Secretariat) capacity to strengthen and build the likelihood for realizing environmental and social performance and co-benefits, while focusing on getting innovative projects ready for GCF support. [Within two years].	Agree. The Secretariat agrees that internal capacity or engaging professional services would help the Secretariat's ability to support innovative projects, subject to additional staffing and budgetary requirements, which would need Board approval.	Low	Decisions B.11/11 and B.13/21 set a maximum of USD 1.5 million for any single PPF request. The Secretariat developed the operational guidelines for the PPF in response to decision B.12/25. The Board endorsed the guidelines through decision B.13/21. Decision B.27/06's reference to the USP states that the PPF will be deployed more efficiently to build lasting institutional capacity by allocating adequate and predictable resources. However, the Revised environmental and social policy (from decision B.BM-2021/18) and the GCF Appraisal Guidance published 30 June 2022 make no reference to the PPF realizing environmental and social performance and co-benefits or getting innovative projects ready. The Secretariat underscored that the PPF guidelines affirm support for AEs developing environmental, social, and gender analysis. The Secretariat suggested that the review of co-benefits and innovation may be included in pre-feasibility studies, financial analysis, and broader contextual analysis of the project contributing to FP development.
TOPIC 4: Project implementation and results				
4.1	The RMF must be urgently updated to incorporate reporting on environmental and social impact and	Partially agree. As mentioned above, the Secretariat has already undertaken work on updating the results management	Medium	The IRMF provides 19 core and supplementary indicators to measure results at the outcome level (reduced emissions and increased resilience). The framework links each indicator to relevant Sustainable Development Goals (SDGs). Only three indicators in the

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	<p>outcome level indicators. The refinement of social, environmental, economic co-benefit indicators at both Fund impact level and project/programme outcome level is currently missing. Smart co-benefit indicators would provide a better sense of how project-specific outcomes and impact indicators will be aggregated to provide meaningful measures of GCF's overall environmental and social performance. [Within a year].</p>	<p>framework. The draft Integrated Results Management Framework (IRMF) proposes a framework that would allow environmental and social co-benefits to be identified and reported more systematically by AEs, while retaining flexibility for projects to define indicators relevant to their activities and context. At the Fund outcome level of reduced emissions and increased resilience, the framework proposes 19 indicators which reflect elements of social, environmental, and economic co-benefits. It also facilitates AEs definition of relevant co-benefits at the project/programme outcome level. The final framework and indicators are subject to the consideration and approval of the Board.</p>		<p>IRMF (supplementary indicators 4.1, 4.2, and 4.3) are related to environmental outcomes, namely SDG 14 “life under water” and SDG 15 “life on land” (Decision B.29/01, Annex I, Table 1). The Secretariat’s ability to monitor the environmental and social impact of projects based on these indicators would be limited. In addition to outcome-level indicators, AEs are encouraged to identify environmental and social co-benefits under respective project/programme-level logframes, and provide indicators, means of verification and targets for each co-benefit listed. However, as explained in the IEU’s comment to recommendation 1.2, the reporting and monitoring of these co-benefits, albeit encouraged, is not mandatory.</p>
4.2	<p>The Secretariat should consider aligning reporting on investment criteria with RMF-related reporting. [Within a year].</p>	<p>Agree. The Secretariat has developed the proposal for the IRMF in alignment with the initial Investment Framework and its six criteria, including the activity-specific sub-criteria. This has been included in the Board Workplan</p>	Medium	<p>The IRMF was adopted by the Board and is designed to align with the two key investment criteria of the initial investment framework – paradigm shift and impact potential (decision B.29/01, Annex I). Paragraph 20(c) of the GCF USP 2020–2023 also identifies alignment with investment criteria as an objective (decision B.27.06, Annex I).</p>

No.	IEU recommendations	Management response	IEU rating	IEU comments
		for 2020-2023. Subject to adoption of the IRMF by the Board, this could facilitate improved alignment of reporting on the investment criteria with wider reporting of results under the IRMF.		
4.3	The Secretariat needs to set-up an early warning system as part of the MAF to assist the assessment of risks related to the project ('project risk flags') and risks related to the overall performance of the AE ('AE risk flags'). [Within a year].	<p>Agree.</p> <p>The Secretariat is currently developing a portfolio performance monitoring system (PPMS) and performance indicators to determine the health of projects and categorize projects based on risks.</p> <p>Currently, the Secretariat also monitors and manages projects proactively that may encounter problems and has high risks through status report meetings where risk flags are raised and continuous monitoring and follow-ups with AEs.</p> <p>To mitigate future risks, the Secretariat has also improved its internal processes to involve relevant colleagues in the early stage of the review of proposals resulting in better preparedness and understanding of</p>	Low	<p>The initial MAF for accredited entities established the rules and procedures for monitoring programmes and projects (see document GCF/B.11/24).</p> <p>The IRMF highlights how the Secretariat will use an online PPMS to support monitoring and assessment of the implementation performance of individual projects/ programmes in the GCF portfolio (document GCF/B.29/12).</p> <p>An internal risk and performance assessment form was launched in the PPMS to better manage the collection of comments by review teams and to facilitate the analysis and reporting of implementation risks and performance (GCF/B.33/Inf06/Annex 1).</p> <p>However, inputs from the IIU's Integrity Risk Early Warning System are not directly considered. The IIU's risk ranking data from the System is not systematically available for general use, nor was it intended to be. There are discussions on the consideration of using such data for enhanced monitoring and ad-hoc reviews in the future.</p>

No.	IEU recommendations	Management response	IEU rating	IEU comments
		weaknesses and risks that may occur during implementation.		<p>The Secretariat stated it is developing an internal guidance document titled “Portfolio Risk and Performance Management”. In the future, the PPMS may be integrated with existing risk management systems operated by the Secretariat and the GCF independent units, so that all flagged risks are centralized and analysed within the PPMS.</p> <p>The Secretariat confirmed that, as of the 23 August 2022, the draft dashboard was in place, pending data updates which can be done after the internal assessments for the FY2021 APR reporting cycle are closed. The Secretariat stated it will continue to improve the dashboard in line with emerging lessons and the IRMF.</p> <p>The Secretariat stated the PSR scorecard is designed to facilitate the targeting of monitoring work of the Secretariat during the implementation of approved FPs. The results of the PSR scorecard will assess potential sources of risk in order to allocate Secretariat resources efficiently during portfolio management. The PSR scorecard is not intended to be included in the decision-making process during the appraisal of FPs.</p>
4.4	The Secretariat must clarify staff roles and responsibilities for monitoring and reporting environmental and	<p>Agree.</p> <p>The Secretariat has developed an Operations Manual which aims to clarify internal processes for increased efficiency and effectiveness. This may</p>	High	The Operations Manual, published in August 2020, clarifies the GCF’s internal processes and the roles and responsibilities of GCF divisions and offices across the project/programme lifecycle. The Manual states that the responsibility within the Secretariat for monitoring funded activities for performance and compliance

No.	IEU recommendations	Management response	IEU rating	IEU comments
	social performance and co-benefits. [Within a year].	also clarify roles and responsibilities of divisions and offices. The Secretariat will continue to clarify roles and responsibilities of staff which would need to be guided by management.		<p>during the implementation period lies with the Division of Portfolio Management (p. 210). Table 8 of the Manual summarizes the roles and responsibilities of the various Interdivisional Project Teams during implementation.²⁷ Notably, the ESS specialist is responsible for assessing whether the project is being implemented in line with GCF ESS Standards and policies. This is framed as a risk management role and does not clarify the ESS specialist's role in monitoring the progress made in identifying environmental and social co-benefits.</p> <p>The Operational Procedures for Monitoring (p. 226) explains that the assigned Portfolio Manager reviews the reports, focusing on key progress indicators. Based on the DPM Portfolio Specialist's assessment, other team members may be asked to review, including ESS and gender specialists.</p>
4.5	Any portfolio management system set up to operationalize the MAF should include information on AE accreditation, recent project reports,	<p>Agree.</p> <p>The Secretariat is already in the process of updating its online IT systems through the Online Accreditation System (OAS) to accommodate the application and</p>	Medium	The Secretariat launched the Digital Accreditation Platform (DAP) in early 2022 with a series of webinars and training activities for AEs. The DAP is based on improved accreditation and new re-accreditation application forms. While the DAP provides the Secretariat with a comprehensive suite of on-demand reports regarding the AE, its applicant portfolio and

²⁷ The following teams/staff are included: the PIMM team, the sector specialist (DMA), the private sector specialist (DPSF), the project lawyer (Office of the General Counsel), the finance officer (Finance), the risk specialist (ORMC), the fiduciary compliance specialist (ORMC), the environmental and social safeguards specialist (ORMC), and the gender specialist (ORMC).

No.	IEU recommendations	Management response	IEU rating	IEU comments
	interim/final evaluations, follow-up FAA conditions, and performance on environmental and social benefits. [Within a year].	<p>review process for new accreditation applicants as well as the submission and review of: (i) information related to accreditation conditions to address capacity gaps against GCF fiduciary, ESS and gender standards; (ii) annual self-assessments as required under MAF; (iii) mid-term review reports as required under MAF; (iv) re-accreditation application and assessment of AEs.</p> <p>The current IT systems are already used for accreditation applications and assessments, and other IT systems for managing and tracking the status of accreditation conditions. A new Digital Accreditation Platform (DAP) is under development, which will replace the current OAS.</p>		accreditation application status, the DAP is not used for conditions related to approved projects. It is also not synchronized with the iPMS and PPMS.
4.6	Improve the APR template so that it can report reliably on environmental and social impacts, outcomes, and co-benefits. [Within two years].	<p>Partially agree.</p> <p>The Secretariat already requests for this information through the current APR template which includes environmental and social outcomes and co-benefits under the section on investment criteria. In addition, a section solely devoted to ESS is built-in allowing AEs to confirm compliance of</p>	Low	<p>The IRMF highlights that "the APR template will be updated with accompanying guidance provided in the Results Handbook" (decision GCF/B.29/01/Annex I).</p> <p>The Secretariat underscored that adopting the IRMF has enhanced project compliance with ESS and gender requirements. For example, the IRMF requires gender-disaggregated data in reporting for Core 2 and its associated supplementary indicators.</p>

No.	IEU recommendations	Management response	IEU rating	IEU comments
		<p>implemented activities with ESS and gender requirements.</p> <p>The Secretariat will continue to review and update the APR based on new realities and in consideration of the IEUs recommendation, and the Board’s consideration of the IRMF.</p>		<p>However, the APR template is yet to be updated to reflect IRMF-related changes. The Secretariat underscored it plans to update the APR template with IRMF-related reporting and other changes by next year (2023) and that it will subsequently provide training to AEs on using the revised template.</p>
4.7	<p>Require AEs to promote awareness of project-level GRMs throughout the life cycle of the project and strengthen awareness-raising activities regarding the GCF Independent Redress Mechanism. [Within two years].</p>	<p>Agree.</p> <p>The Secretariat, through the GCF Environmental and Social Policy requires the AEs to establish activity-specific grievance redress mechanisms as appropriate and inform all stakeholders of and provide access to the Independent Redress Mechanism (IRM), which is also mandated to undertake outreach to raise awareness about the IRM.</p> <p>Nonetheless, the Secretariat will further consider initiatives towards strengthening the AE’s awareness-raising activities on project-level GRMs and the GCF IRM.</p>	Substantial	<p>The revised ESP requires AEs to “ensur[e] that accredited entities establish activity-specific grievance redress mechanisms as appropriate, cooperate with, and inform all stakeholders of, and provide access to the Independent Redress Mechanism” (decision B-BM/2021/18, Annex I, para. 12(c)). However, it does not state that AEs must promote awareness of the activity-level grievance redress mechanisms they make available.</p> <p>In May 2022, the GCF Independent Redress Mechanism Unit (IRMU) added an outreach and communications module to its online training in designing and operating grievance mechanisms. The training primarily targets GCF DAEs. The IRMU also organized 10 outreach events and 2 focus groups (GCF/B.32/Inf04, GCF/B.31/Inf05, GCF/B.31/Inf06, GCF/B.28/Inf07). The IRM has also sought to increase its accessibility by making its website available in seven languages (GCF/B.33/Inf03, para. 15(b)).</p> <p>Regarding the Secretariat, an additional question was added in the 2020 APR template (4.1.4.) to gather</p>

No.	IEU recommendations	Management response	IEU rating	IEU comments
				<p>information on the steps taken during the reporting period by the project team to raise stakeholder awareness of the GCF's Independent Redress Mechanism and the AE's own grievance redress mechanism. The question was further refined in the 2021 APR template, which emphasizes the AEs' obligation to inform project beneficiaries about the IRM.</p> <p>Additionally, the Secretariat published the 'Sustainability guidance note: Designing and ensuring meaningful stakeholder engagement on GCF-financed projects' was updated and published on 1 May 2022. The Guidance note lists different approaches adopted by international finance institutions to comply with information disclosure requirements. However, grievance mechanisms are mentioned only briefly.</p>
4.8	<p>Ensure it can carry out ad hoc checks that take into account early warning system risk flags. [Within two years].</p>	<p>Agree.</p> <p>As noted in our response in 4.3, an early warning system which includes performance risk flag and an overall risk assessment of projects is already under development.</p> <p>In addition, the Secretariat at an advanced stage of developing an ad-hoc Procedure for Funded Activities as internal guidance on the processes and modalities for undertaking ad-hoc</p>	Low	<p>See the IEU comment on recommendation 4.3.</p> <p>The Secretariat stated that the Ad-hoc Checks Procedure has been developed and is currently under internal consultation prior to approval and operationalization.</p> <p>The Secretariat further underscored that in addition to the pending approval of the ad-hoc procedures, no project monitoring visits have been conducted by the Secretariat due to COVID-19 travel restrictions.</p>

No.	IEU recommendations	Management response	IEU rating	IEU comments
		checks and site visits of projects deemed to be at high-risk based on the early warning system criteria.		
TOPIC 5: REDD+				
5.1	Takes steps to evaluate the REDD+ pilot programme with a focus on examining its effectiveness and alignment with the WFR, while drawing on lessons learned from other initiatives. [Within two years].	Agree. The Secretariat agrees that steps should be taken to evaluate the REDD+ pilot programme. A mid-term evaluation has already been completed and the findings were presented at the twenty-fifth meeting of the Board.	Low	<p>With decision B.18/07, the Board adopted draft terms of reference for the pilot programme (document GCF/B.18/06) and the corresponding scorecard. Eight projects were approved from B.22 through B.27. The GCF also continues to finance REDD+ readiness and implementation through its Readiness Programme and project cycles (PAP and SAP). Beyond the mid-term evaluation of the REDD+ pilot programme (GCF/B.25/Inf.06/Add.01), the Secretariat has not completed a final evaluation. While GCF/B.28/Inf.08/Add.04 mentions that a series of interviews were conducted with Secretariat staff, these interviews do not constitute a final evaluation.</p> <p>The Secretariat stated that, consistent with section VI of the TORs of the REDD+ RBP Pilot Programme, an analysis of the experience of the programme was conducted.</p>

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5.2	<p>Provide detailed guidance on Cancun Safeguards and draw on lessons learned from the ex-ante application of Cancun Safeguards on the GCF portfolio. [Within two years].</p>	<p>Partially agree.</p> <p>The Secretariat will promote and support the application of the Cancun Safeguards through its assessment of REDD+ proposals. However, GCF will not provide any additional guidance on Cancun Safeguards to avoid any misinterpretation of UNFCCC COP decisions.</p>	Low	<p>Funding proposals submitted as part of the pilot REDD+ results-based payment programme must provide additional information on safeguards considered by the country to provide sufficient information to demonstrate that each Cancun safeguard has been addressed and respected in the full period during which results were generated (Decision B.18/07, Annex XI, para. 26). AE due diligence reports are assessed against the scorecard provided in Annex XII to decision B.18/07. The scorecard results and the country's assessment of how the Cancun safeguards were addressed and respected during the REDD+ activities provide the basis for recommending the proposal to the Board for approval (Decision B.18/07, Annex XI, para. 18.c.i.).</p> <p>The Secretariat underscored that the Cancun Safeguards are among the central elements for assessing REDD+ RBP proposals. Establishing a safeguards information system (SIS), approved by the UNFCCC, and summarizing how the Cancun Safeguards are applied are two of the essential conditions for securing RBPs (see scorecard section 1).</p>
5.3	<p>Clarify the concept of co-benefits and strengthen guidance for their identification, monitoring, and reporting amongst</p>	<p>Partially agree.</p> <p>The co-benefits are all other benefits than emission reductions or enhancement of carbon stocks. While it is important to understand their nature</p>	Low	<p>The Performance Measurement Framework for REDD+ results-based payments adopted in Board decision B.08/08 detailed the indicators, reporting responsibilities, and reporting frequency applicable to REDD-plus RBP projects/programmes. The Secretariat stated that the IRMF replaces both the PMF and the</p>

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	REDD+ investments. [Within two years].	and their impact, there isn't any requirement to monitor and report them under any UNFCCC decision for REDD+ neither in the GCF Logical Framework for REDD+.		<p><i>initial</i> RMF and that the reporting requirements as per the IRMF are applicable to the REDD+ RBP.</p> <p>As outlined in our comment to recommendation 2, the IRMF clarifies the concept of co-benefits and strengthens the guidance for their identification and monitoring, while not being specific on the REDD-plus RBP pilot. The reporting on co-benefits remains only voluntary under the IRMF.</p>