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Results management framework: Independent Evaluation Unit recommendations to improve the Results Management Framework

Final Report

Summary

This report presents the findings and recommendations of an independent review of the Results Management Framework (RMF) of the Green Climate Fund (GCF). This follows decision B.19/21, in which the Board approved the 2018 Work Plan of the Independent Evaluation Unit (IEU). This document includes a review of the use and implementation of the GCF's Results Management Framework and Performance Measurement Frameworks and provides recommendations.

I. Introduction

1. This document is organized as follows:

(a) Annex I presents a draft decision for the Board's consideration;

(b) Annex II presents the final report of the report titled "Results Management Framework: Independent Evaluation Unit recommendations to improve the Results Management Framework"; and

(c) Annex III contains the Appendices to the aforementioned report.

Annex I: Draft decision of the Board

The Board, having reviewed document GCF/B.22/07 titled "Results Management Framework: Independent Evaluation Unit recommendations to improve the Results Management Framework":

(a) *Takes note* of the findings and recommendations presented in the IEU report;

(b) *Takes note* of the Secretariat's management response to the IEU's report in document GCF/B.22/07/Add.01;

(c) *Directs* that the GCF Secretariat present to the board at B.24, a report on the implementation of the IEU's recommendations.

Annex II: Independent Review of the Green Climate Fund's Results Management Framework by the Independent Evaluation Unit

The Independent Review of the Green Climate Fund's Results Management Framework by the Independent Evaluation Unit is contained below.

INDEPENDENT REVIEW OF THE GREEN CLIMATE FUND'S RESULTS MANAGEMENT FRAMEWORK

OCTOBER 2018

Final Report

GREEN CLIMATE FUND | Independent Evaluation Unit

TRUSTED EVIDENCE.
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The independent review of the Green Climate Fund’s Results Management Framework was submitted to the Board of the Green Climate Fund at its twenty-first meeting in Bahrain, September, 2018.

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GREEN CLIMATE FUND
INDEPENDENT EVALUATION UNIT

INDEPENDENT REVIEW OF THE GREEN CLIMATE FUND'S RESULTS MANAGEMENT FRAMEWORK

Final Report

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The review was led and managed by the Independent Evaluation Unit. The review team consisted of Dr. Jyotsna Puri (Head, Independent Evaluation Unit), Dr. Aaron Zazueta (Lead Evaluation Consultant), Ms. Liza Laura Ottlakan (Evaluation Associate Consultant), and Mr. Andreas Reumann (Principal Evaluation Officer at the IEU). Many colleagues at the IEU helped in producing this review including Dr. Vinod Thomas, Dr. Roberto La Rovere, Mr. Joseph Mutunga, Mr. Peter Mwandri, Mr. Greg Clough, Ms. Giang Pham and Ms. Beverley Mitchell. This review will be submitted to the Board of the Green Climate Fund at its 21st meeting in October 2018. The IEU would like to thank the staff of the Secretariat of the Green Climate Fund, Regional Advisors of the GCF, National Designated Authorities, Accredited Entities and all other stakeholders for participating in the consultations and interviews.

Findings and recommendations in this review reflect the views of the IEU review team. Views expressed here do not reflect the official views of the GCF Board or its members or of the countries they represent.

Executive Summary

Objectives

The long-term goal of the Green Climate Fund "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."[1] The GCF's Results Management Framework (RMF) is meant to provide the GCF Board guidance on ensuring that the Fund's investments contribute to its long-term objectives.

This review has two main objectives. The first is to assess the design, implementation, and utility of the GCF's Results Management Framework (RMF). The second is to derive lessons and recommendations based on the review's findings to help inform subsequent changes in the RMF so it may be employed effectively as a tool for achieving the long-term objectives and impacts of the Fund. To meet these objectives the evaluation team addressed three questions.

1. What are we learning from the design of the GCF's results management framework?
2. What are we learning from the application and use of the RMF to funding proposals in the GCF's portfolio?
3. What are we learning about the RMF from projects and programmes under implementation?

Timeline and methods

The review was carried out from March to September of 2018, and it included a review of Board Decisions and other relevant documents, over 100 interviews with staff from the Secretariat, National Designated Authorities (NDAs), and Accredited Entities (AEs). It included a portfolio analysis of GCF's approved projects, an analysis of Annual Progress Reports (APRs) submitted to the Secretariat, and a quality at entry review of GCF's proposals. The review team also undertook three country evaluation missions. It visited Kenya on 9-11 July 2018, Rwanda on 11-14 July 2018, and Vietnam on 16-20 July 2018. A timeline showing dates of consultation and engagement with findings with members of the GCF Board and advisers, Secretariat staff, Civil Society Organisations (CSOs), Private Sector Organisations (PSOs) and representatives of accredited organizations is shown in Annex I.

Key findings

The review team found important strengths and opportunities in the RMF.

First, the review found that the RMF assists countries in focusing their project proposals on result areas that GCF prizes. The Governing Instrument of the Fund mandates that Fund resources be equally split between adaptation and mitigation. The RMF has helped to communicate the importance of focusing on these two thematic areas successfully to GCF's stakeholders. Furthermore, although the GCF has produced many frameworks to help inform the overall quality and ultimately the results of GCF investments, that are reflected in its many policies and articulated in over 300 documents, in its design, the RMF speaks to these different frameworks.

Second, the RMF presents a flexible menu of core, impact and outcome indicators corresponding to the Fund's result areas. There is a total of 43 indicators that the GCF Board has either approved or noted, that are treated equivalently by GCF's stakeholders. Eighteen of these are in the mitigation result area, seventeen in the adaptation result area and the remaining are meant to inform

[1] FCCC/CP/2011/9/Add.1, Decision 3/CP.17, 1.

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REDD+ programs and projects. For GCF projects that target any one result area, the total number of required indicators that projects including in their reporting is likely to be between 4 to 6 indicators. The RMF does not identify or prescribe any output indicators. Instead, appropriate output indicators are chosen and designed by the Fund's stakeholders, which allows GCF projects' flexibility and room for specificity. To the extent that GCF projects expect to report typically on less than ten indicators overall, reporting requirements emanating from RMF is not burdensome.

Despite these strengths, there are several areas in which the RMF requires more work and represent lost opportunities for now.

First, although there are approved and noted indicators that inform the RMF, and that are laid out in the Performance Management Framework, **there is no definition, guidance and a critical absence of protocols for how these indicators are defined, need to be measured, by whom, with what frequency and how.** This becomes particularly salient when we recognize that of the 43 indicators that inform the RMF, two are articulated that are expected to inform the GCF's 'paradigm-shift objectives' are not indicators at all but rather a description of the objective, and yet are expected to inform critical top-level results of the Fund. The overall lack of definitions and protocols for informing RMF indicators has led to further confusion and indeed is likely to have caused inconsistent guidance being given to GCF stakeholders.

Second, the RMF provides insufficient guidance on how, in the long run, project outcomes are expected to contribute to a paradigm shift towards low-emission and climate-resilient sustainable development. One set of reasons for this are the flaws in the logic models that underpin the RMF. The RMF's mitigation logic model omits reference to critical enabling conditions for a paradigm shift. In the case of the adaptation model, while emphasizing enabling conditions, this model neglects to mention technology and financial and business models and in general, ignores the overall strength and potential contributions of the private sector.

Third, the RMF lacks clarity in some of its key concepts. For example, in the thematic adaptation area, the guidance provided by the RMF does not clearly distinguish or show linkages between climate-resilient activities and regular development work. The lack of internal coherence of the models and lack of clarity in guidance has affected the quality of project proposals. A study carried out by the IEU found that more than two-thirds of the GCF approved funding proposals did not clearly define causal pathways that show how activities lead to climate change impact.

Fourth, the RMF has been marginalized in its use by the GCF secretariat and GCF project related stakeholders. The review team found that instead, *other* Board-approved frameworks, most notably the Investment Framework (IF), the Monitoring and Accountability Framework (MAF) and the Risk Management Framework are given far more attention and proposals tend to be far more compliant in articulating indicators for these frameworks. Indeed, Specialists in the Secretariat do not see much utility in the RMF beyond the selection of the impact and result areas that projects should target. Other than in these three Board-approved frameworks, elements for guiding project design and management are found amongst more than 360 Board decisions, information documents and strategies adopted by the Fund. Although this reflects a rich acknowledgement of the importance of results and this prolificity is a veritable achievement, there is no single document that ties these together. **This further means that there is no single, coherent and consistent framework or method for Fund staff to manage its investments for results.**

Fifth, as a consequence of the absence of guidance, **different divisions in the Secretariat have drawn on various policy documents related to results management and project preparation and interpreted and operationalized criteria for selection and approval in different and often inconsistent ways.** While this has helped to tailor guidance to operations, understandably divisions have developed these guidelines mostly in isolation and have customized it to their training, specializations and understanding. This has resulted in AEs having to meet different standards and requirements, depending on the division or unit in the Secretariat they are dealing with.

Sixth, the structure and process within the GCF secretariat for approving and implementing GCF investments, does not currently incentivize incorporating frameworks for *managing for results*, at the pre-approval and design stages of the GCF project. Divisions of the GCF that are responsible for the approval of GCF investments ultimately 'hand over' the funded project to other divisions, once the first disbursement occurs. This, in turn, means that there is little continuity or incentive for approving task managers to ensure that results management is built into the investment at the design stage. There is a need to ensure that the divisions that are responsible for results management have an effective input during project preparation.

Seventh, although the RMF reaffirms that country ownership is an essential principle for Fund operations the **GCF has not produced guidance for the NDAs' role beyond granting non-objection letters.** This is critical since the NDAs are mandated to be central in ensuring that countries own the results of GCF investments and consequently are important users of results from GCF projects. This has become a source of confusion and tension between the NDAs and AEs and represents a loss of opportunity to improve coordination, use, management and reporting for results. Also, presently, **results reporting systems for GCF projects completely bypass national M&E systems and capacities which is a significant loss of opportunity for GCF** not just because it is likely to help and strengthen results reporting but also because it can potentially be an important conduit through which GCF's achievements may be included and reported in national reports on climate change commitments and also because it could help sustain many systems that are set up by GCF projects, over terms that are longer than the lifetimes of GCF projects.

Eighth, a large proportion of GCF projects reviewed have not made sufficient provisions to ensure credible reporting of results with important implications for GCF's reputation and credibility. The review team found that currently there is no sufficient guidance to distinguish between the adaptation and mitigation investments in cross-cutting projects. Unless this criterion is defined, the Fund will not be able to reliably track and report the extent to which it meets its commitment to divide its funds equally between adaptation and mitigation. The Fund also faces a significant substantive and ultimately a reputational risk: Forty per cent of its investments (equivalent to US$ 1,363 million) so far do not have indicators that report on impacts that GCF projects are otherwise planning. The review also found that *half* of GCF's approved projects do not plan to collect baseline data and 70 per cent of the projects have insufficiently planned and budgeted for M&E to inform their targets credibly. This problem is even greater for measurement and reporting of indicators related to GCF's investment criteria where there is a high risk for biased and significantly overstating the results of GCF investments. In its defence, the GCF has used what is current practice in many organizations i.e. it plans on reporting 'planned' results. However, this is clearly incorrect since it is likely to be highly biased and based on many assumptions many of which do not reflect realities. Reporting

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both ‘planned’ *and* ‘actual’ results is important and needs to be adopted by GCF as practice. This will also ensure that GCF is leading the way to establish best practice in the climate change world.

Ninth, the GCF Secretariat has started to develop the key elements necessary for building a system for the reporting and monitoring gender-related aspects of the Fund’s portfolio. However, key elements developed so far, such as the **GCF’s gender policy, gender toolkit and the gender action plans are not integrated into the GCF’s RMF beyond the design of gender-sensitive reporting**. It is necessary to further integrate these tools into the performance measurement frameworks and the monitoring and accountability framework, which guides project design and reporting. The Fund also needs to set up a system for storage and retrieval of monitoring data in ways that are practical, credible, and robust. If not addressed in the short term, these deficiencies are likely to be magnified as the portfolio grows, which will render the Fund unable to report on results for a large proportion of its operations.

Recommendations

Findings indicate that results reporting results and evaluation related capacities in accredited entities need attention. The review has the following recommendations. These are fleshed out in the main report and particularly in the recommendations and conclusions chapter. Summary recommendations are brief versions of overall recommendations.

Summary recommendation 1: The GCF Secretariat should **develop and operationalize theories of change** for key thematic areas and integrate these into project proposals early.

Summary recommendation 2: The Secretariat should **update the RMF and PMF, address deficiencies and develop protocols that provide guidance on what, who, when, how indicators can and should be measured** and how they should be aggregated. Furthermore, the Secretariat should **collaborate with** other key agencies and stakeholders to harmonize critical concepts and indicators and to develop standards and methods for new indicators for mitigation and adaptation projects when pertinent. Attention should be given to identifying a reliable core indicator of adaptation.

Summary recommendation 3: There should be a transparent **web-based portfolio management system** that allows different stakeholders to view project related information and progress in real-time. This should be developed by the GCF Secretariat.

Summary recommendation 4: The Secretariat should develop a **technical guide** that integrates in a clear and coherent manner all relevant Board decisions and policies related to results management. While continuing to develop the risk management system, the Secretariat should give special attention to the **roles and responsibilities** of accredited and implementing entities. The distinction between the roles of accredited entities and implementing entities also needs to be clarified.

Summary recommendation 5: The Secretariat should initiate a dialogue with the NDAs, AEs and other key stakeholders to define the appropriate role of the NDAs throughout the project cycle and where possible GCF indicators should **link with country monitoring indicators** and SDG reporting.

Summary recommendation 6: The Secretariat should **clarify roles and responsibilities internally** and ensure that during project preparation, sufficient attention is paid the design and budgeting of project M&E system prior to project proposal approval.

Summary recommendation 7: As was undertaken for this review, the **IEU should carry out regular 'evaluability reviews'** to assess the extent to which projects are likely to report and measure their impacts and outcomes credibly.

Summary recommendation 8: The IEU should prepare **guidelines** for project evaluations.

Summary recommendation 9: On approval of the GCF Board, the IEU should also carry out an **independent review of the accreditation process** considering the extensive deficiencies in the evaluability and likelihood of credible reporting that this review summarizes across the portfolio of approved projects.

Summary recommendation 10: The Secretariat should revise its indicators on gender to more fully address other aspects of **social inclusion** and integrate these into the RMF. The Secretariat should also clarify the Fund's gender- and social-inclusion impact and outcome priorities, especially regarding mitigation. The further development of the PMFs and the RMF will need to ensure that existing systems for including gender in project planning and M&E are given due consideration

Conclusions

The Fund has taken important steps in building its results framework and is addressing challenges related to the current business model of the Fund. This business model is, in turn, predicated on the **capacity and willingness** of accredited entities to manage projects for results that are ultimately reliable and credible. This review indicates that this dependence may need to be fine-tuned and also underscores the importance of the GCF taking on new areas of practice that may help it to report and manage for results in a more robust, transparent and accountable manner. Many of this review's recommendations have implications for the GCF **strengthening its own systems, processes and structures** and this is where the GCF secretariat should start first. In this review, the review team highlights critical shortcomings that underscore concerns around quality at entry of proposals. The GCF Secretariat has some important work to do, especially as the quality of implementation becomes more salient for the GCF and as the attention shifts from disbursing resources to managing for results. At this point, indicators for some of the impact and outcome results in the RMF have not yet been developed and many important gaps remain. To its credit, the GCF Secretariat has taken important steps to improve the measurement and reporting for some indicators and has demonstrated its desire to revise (some) indicators in its effort to ensure complementarity and coherence with other climate-finance institutions. This review suggests that the Secretariat **take on this task and complete this task at the earliest possible time** to ensure that the GCF in its next phase is able to **report robustly for results and impacts** and in doing so, establishes the standard in the discipline and globally.

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ABBREVIATIONS

AE	Accredited Entity
AF	Adaptation Fund
AMA	Accreditation Master Agreement
APR	Annual progress report
B.X	X^{th} Meeting of the Board
CIF	Climate Investment Funds
CN	Concept Note
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPD	Country Programming Division/Division of Country Programming
CSO	Civil Society Organization
CTF	CIF Clean Technology Fund
DAC	Development Assistance Committee
DAE	Direct Access Entity
DARD	Department of Agriculture and Rural Development, Viet Nam
DCP	Division of Country Programming/Country Programming Division
DMA	Division of Mitigation and Adaptation
DOC	Department of Construction, Viet Nam
EBRD	European Bank for Reconstruction and Development
EDCL	Energy Development Corporation Limited
EIF	Environmental Investment Fund
ESS	Environmental and Social Safeguards
FAA	Funded Activity Agreement
FIP	CIF Forest Investment Program
FP	Funding Proposal
GCF	Green Climate Fund
GEF	Global Environment Facility
GEF IEO	GEF Independent Evaluation Office
IC	Investment Criteria
ICFCC	Inter-ministerial Committee for Climate Change, Kenya
IE	Implementing Entity

IEG	Independent Evaluation Group
IEU	Independent Evaluation Unit
IF	Investment Framework
IPCC	Intergovernmental Panel on Climate Change
LDCF	Least Developed Countries Fund
MAF	Monitoring and Accountability Framework
MARD	Ministry of Agriculture and Rural Development, Viet Nam
M&E	Monitoring and Evaluation
MOC	Ministry of Construction, Viet Nam
MOIT	Ministry of Investment and Trade, Viet Nam
MPI	Ministry of Planning and Investment, Viet Nam
NDA	National Designated Authority
NDC	Nationally Determined Contribution
NoL	Non-objection Letter
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OGC	Office of General Counsel
OIA	Office of the Internal Auditor
OPM	Office of Portfolio Management (formerly Portfolio Management Unit)
ORMC	Office of Risk Mitigation and Compliance
PMF	Performance Measurement Framework
PMU	Portfolio Management Unit (now Office of Portfolio Management)
PPCR	CIF Pilot Program for Climate Resilience
PSF	Private Sector Facility
REDD+	Reducing Emissions from Deforestation and Forest Degradation
REMA	Rwanda Environment Management Authority
RMF	Results Management Framework
SCCF	Special Climate Change Fund
SDGs	Sustainable Development Goals
SREP	CIF Scaling up Renewable Energy Program in Low-Income Countries
tCO2eq	Tonnes of Carbon Dioxide Equivalent

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UN	United Nations
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
VDB	Viet Nam Development Bank
VDMA	Viet Nam Disaster Management Authority

I. INTRODUCTION

The long-term goal of the Green Climate Fund "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." [2] The GCF's Results Management Framework (RMF) aims to provide guidance to the Fund on ensuring that the Fund's investments contribute to this long-term objective.

This review of the GCF's RMF has **two main objectives**. The first is to assess the design, implementation, and utility of the Results Management Framework (RMF) of the Green Climate Fund (GCF, or "the Fund"). The second is to support institutional learning by deriving lessons and recommendations based on the review's findings to help inform the Results Management Framework as a tool for achieving the long-term objectives and impacts of the Fund.

The mandate for this review is provided by the Terms of Reference of the Independent Evaluation Unit of the GCF, which state that *"taking into account international experience, and in light of the results of its evaluations, the IEU will make recommendations to improve the Fund's performance indicators and its Results Management Framework."*[3] Additionally, as indicated by the approved 2018 Work Plan of the IEU, "*the review will summarize lessons learnt from an assessment of the capacity of entities on the ground."*[4] Furthermore, *"it will summarize the extent to which there is potential to measure the effects of the programs on the ground, given the current capacity of the implementing entities*."[5] It is expected that this review will also inform the continued work and efforts of the GCF Secretariat to update and further develop the indicators of the performance measurement frameworks (PMFs).[6]

The purpose of the RMF is to "(i) enable effective monitoring and evaluation of the outputs, outcomes and impacts of the Fund's investments and portfolio, and the Fund's organizational effectiveness and operational efficiency; (ii) include measurable, transparent, effective and efficient indicators and systems to support the Fund's operations, including, inter alia, how the Fund addresses economic, social and environmental development co-benefits and gender sensitivity." [7]

To assess the RMF, the review team addressed the **following three questions**:

1. What are we learning from the *design* of the GCF's results management framework?
2. What are we learning from the *application and use* of the RMF to funding proposals in the GCF's portfolio?
3. What are we learning about the RMF from projects or programmes that are *being implemented*?

The Review of the RMF ("the review") examined two other things. First, given the central role of the Investment Framework (IF), the Monitoring and Accountability Framework (MAF), and the Risk Management Framework in results management, the review examined links of the RMF to these three frameworks. The IF contains six investment criteria (IC) that all GCF investments are expected to meet. The MAF defines roles, responsibilities and instruments for monitoring and reporting GCF investments. The Risk Management Framework establishes the roles,

[2] FCCC/CP/2011/9/Add.1, Decision 3/CP.17, 1.
[3] GCF/B.06/18/ Annex III, 7.
[4] GCF/B.19/43/, Decision B.19/21.
[5] GCF/B.19/43/ Annex XXI, (5.), (c).
[6] GCF/B.20/Inf.01.
[7] GCF/B.05/23, Decision B.05/03, (g).

responsibilities and procedures to manage risks in the organization.

Second, the GCF Board has also underscored that "ownership and access to Fund resources could be enhanced by the inclusion of indicators capturing country-driven policies that have the potential to promote a paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development as set out in the Governing Instrument."[8] Therefore, the review examines closely how country ownership is operationalized in the context of the definition and monitoring of results. In this context, the review explores opportunities for capturing and reporting country-drivenness that may, in turn, promote a paradigm shift towards low-emission and climate-resilient development.

Methods and timeline: The review was carried out from March to Septemberof 2018 and it included the review of Board decisions and other relevant documents, as well as 104 interviews with staff from the Secretariat, national designated authorities (NDAs), and accredited entities (AEs). It included a portfolio analysis of GCF's approved projects, an analysis of Annual Progress Reports (APRs) that had been submitted to the GCF Secretariat, and a quality at entry review of GCF's proposals. The review team also undertook three country evaluation missions. It visited Kenya (9-11 July 2018), Rwanda (11-14 July 2018), and Vietnam (16-20 July 2018). To answer the three main questions above, the review team used six of the eleven evaluation criteria approved by the GCF Board for evaluations undertaken by the Independent Evaluation Unit (IEU).[9] These include relevance, coherence, country ownership and relevance, effectiveness, efficiency and gender equity. Other criteria were woven into the narrative where relevant.[10]

This report is organized as follows. Chapter II provides the rationale and the background for this review. Chapter III discusses the methods used. Section A of Chapter IV examines the **first question** asked by this review: What are we learning about the design of the RMF? To address this question, we assess the RMF's relevance and coherence. We ask the extent to which the RMF is internally coherent and provides sufficient guidance for identifying projects that are likely to promote the main purposes of the Fund as stated in the Governing Instrument. **The second question** aims to understand what we are learning about the application and use of the RMF to Funding proposals that the GCF has supported. To assess this, we examine the extent to which the RMF fosters country ownership as well as the effectiveness and efficiency of investments and conversely, the extent to which the RMF guidance is applied to investments. Section B of Chapter IV examines country ownership. In this section, we also assess the extent to which projects that have been approved by the GCF are aligned with country priorities and the extent to which this is reported by the RMF. In Section C of Chapter IV, we assess the effectiveness of the RMF. In this section, we also examine the extent to which 74 projects that have been approved by the GCF Board have used the guidance provided by the RMF. In this context, we also examine the likelihood that approved projects will generate reliable information on the expected results of the Fund's investments. We also examine the extent to which the RMF has helped to report the extent of the GCF's investment allocations between its two thematic areas (adaptation and mitigation) and specifically the extent to which indicators

[8] GCF/B.05/23, Decision B.05/03, (c).
[9] GCF/B.06/18, Annex III.
[10] The IEU's evaluation criteria are: relevance; effectiveness; efficiency; impact; sustainability; coherence; gender equity; country ownership; innovativeness; replication and scalability; and unintended results, both positive and negative.

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are likely to reliably report the impacts of Fund investments. In Section D of Chapter IV, we examine the extent to which the RMF guidance contributes to or hinders the efficient use of resources of processes related to results management and reporting on GCF operations. In Section E of Chapter IV, we assess the extent to which the RMF's gender sensitivity has been developed and captures gender-disaggregated information, including priorities, processes, and impacts. **The third question** aims to understand what we are learning about the RMF from projects under implementation. This question is addressed in Section C of Chapter IV when dealing with effectiveness. The GCF has approved funding proposals only during the past three years and few projects (18) have submitted annual progress reports (APRs). The review team found that APRs do not contain significant information on impact yet, or indeed on the *likelihood* of impact. We thus examine the extent to which guidance and methods exist (and are sufficient) to support accredited entities in producing consistent, comparable and useful information across the portfolio. We also examine whether there is sufficient planning and budgeting for monitoring and evaluation (M&E) during project preparation and implementation. In this analysis, we consider the extent to which there is sufficient guidance on what needs to be reported, to whom, at what times and with what frequency. The last chapter of this report, Chapter V, consolidates findings and present recommendations.

II. BACKGROUND

The GCF's Results Management Framework was developed and subsequently updated through several Board decisions since the inception of the Fund, notably at the fifth, seventh, and eighth Board meetings. The latest Board updates were approved at the eighth Board meeting (B.08) in 2014.

At B.05, the Board decided that "the Fund's RMF will: (i) enable effective monitoring and evaluation of the outputs, outcomes and impacts of the Fund's investments and portfolio, and the Fund's organizational effectiveness and operational efficiency; (ii) include measurable, transparent, effective and efficient indicators and systems to support the Fund's operations, including, inter alia, how the Fund addresses economic, social and environmental development co-benefits and gender sensitivity."[11] The Board also decided that "lessons learned will feed back into the design, funding criteria and implementation of Fund activities, based on results."[12]

Logical Models of the Results Management Framework

The primary organizing constructs of the Results Management Framework are the mitigation and adaptation logic models. The logic models, adopted at B.07, reflect how inputs and activities are translated into results at the strategic level, as seen in Figure 1 and Figure 2. Board document GCF/B.07/11 provides an overview of the initial mitigation and adaptation logic models.[13]

The logic models: Figure 1 and Figure 2 below indicate the cause-effect linkages that are expected to lead to the paradigm shift objective in the two areas of mitigation and adaptation. The logic is as follows: *project/programme-level outcomes* lead to *Fund-level impact* lead to the overall area-specific *paradigm-shift objective*. In the mitigation logic model (see Figure 2), there are overall nine *result* areas. Of these, four result areas reflect the intended aggregate *impact* at *Fund-level*. The remaining five result areas are *outcome* level result areas at the *programme or project level*. Similarly, the adaptation logic model (see Figure 1) consists of four *Fund-level* result areas at the *impact* level and another four result areas at the level of a *project or a programme* that are *outcome level areas*. Associated with all these result areas, are indicators. Indicators are further developed in the Performance Management Frameworks (PMFs), which are an extension of the RMF. Annex I shows that the GCF has identified indicators to track a total of seventeen result areas that include eight *impact* level and nine *outcome* level result areas.

Indicators: At B.07, four Fund-level *impact* indicators, called *core* indicators, were approved.[14] Core indicators do not correspond to any one result area, but apply to all GCF projects and programmes, depending on their type. For mitigation projects and programmes, three Board-approved Fund-level *core* indicators are:

- Tonnes of carbon dioxide equivalent (tCO2eq) reduced as a result of Fund-funded activities;
- Cost per tCO2eq decreased for all Fund-funded mitigation projects and programmes;
- Volume of finance leveraged by Fund lending, disaggregated by public and private sources.

[11] GCF/B.05/23/, Decision B.05/03/ (g).
[12] GCF/B.05/23/, Decision B.05/03/ (h).
[13] GCF/B.07/11/ Annex IX and Annex X.
[14] GCF/B.07/11, Decision B.07/04, (c)-(d).

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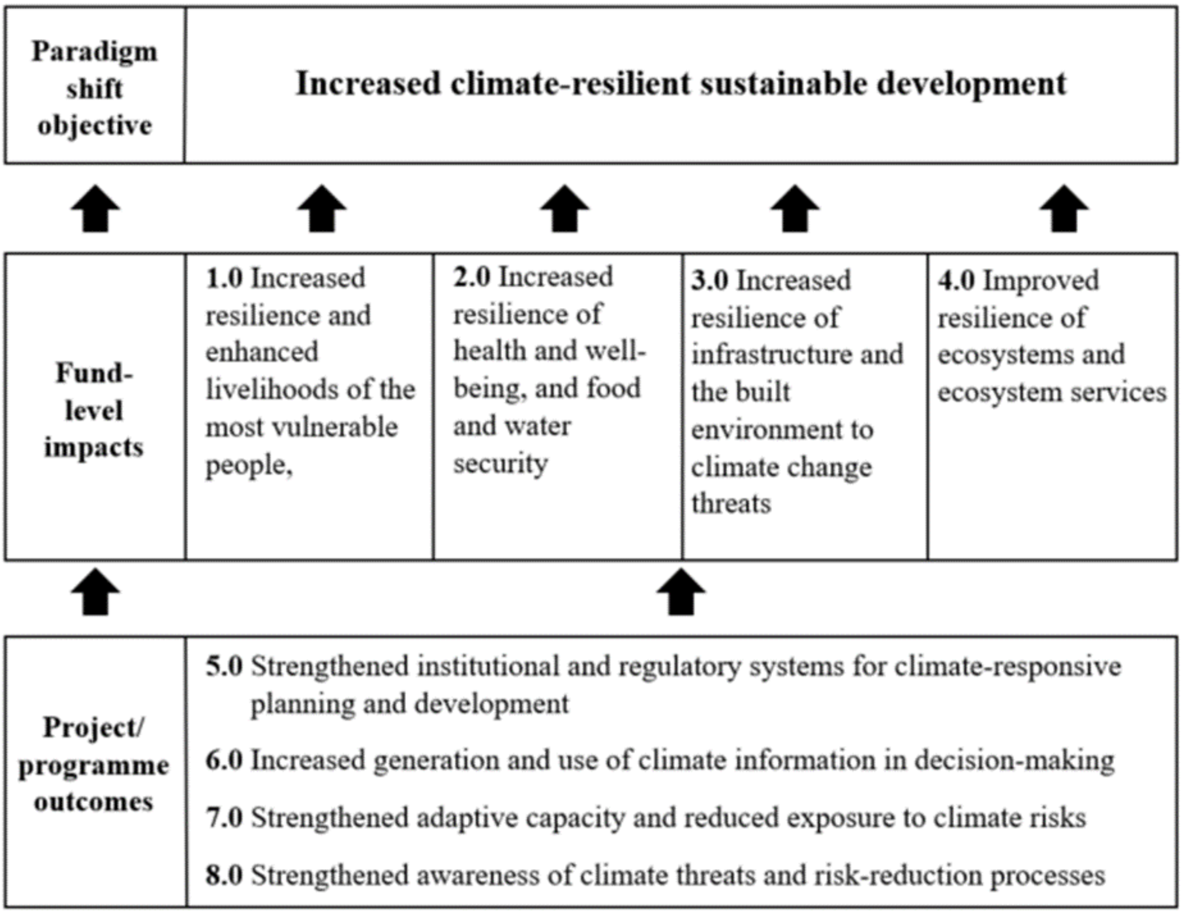
For adaptation projects and programmes, one Board-approved Fund-level core impact indicator is required:[15]

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

Cross-cutting projects are required to inform both the mitigation and the adaptation *core* indicators.

At B.08, an additional four *impact* indicators and three *outcome* indicators were approved for mitigation; three *impact* indicators and one *outcome* indicator were approved for adaptation. One *impact* and five *outcome* indicators were also approved for REDD+ results-based payments. In addition to these approved indicators, two overarching objective-level indicators for paradigm shift, and 22 other outcome or impact indicators were presented by the Secretariat, were noted by the Board but not approved (see Annex I).[16] Many result areas don't have Board-*approved* indicators. The review team found that despite this, indicators that 'noted but not approved' and others that have been 'approved' are treated equivalently. That is, operationally, GCF Secretariat staff do not distinguish between Board-approved and Board-noted indicators.

Figure 1 The adaptation logic model underpinning the RMF of the GCF[17]



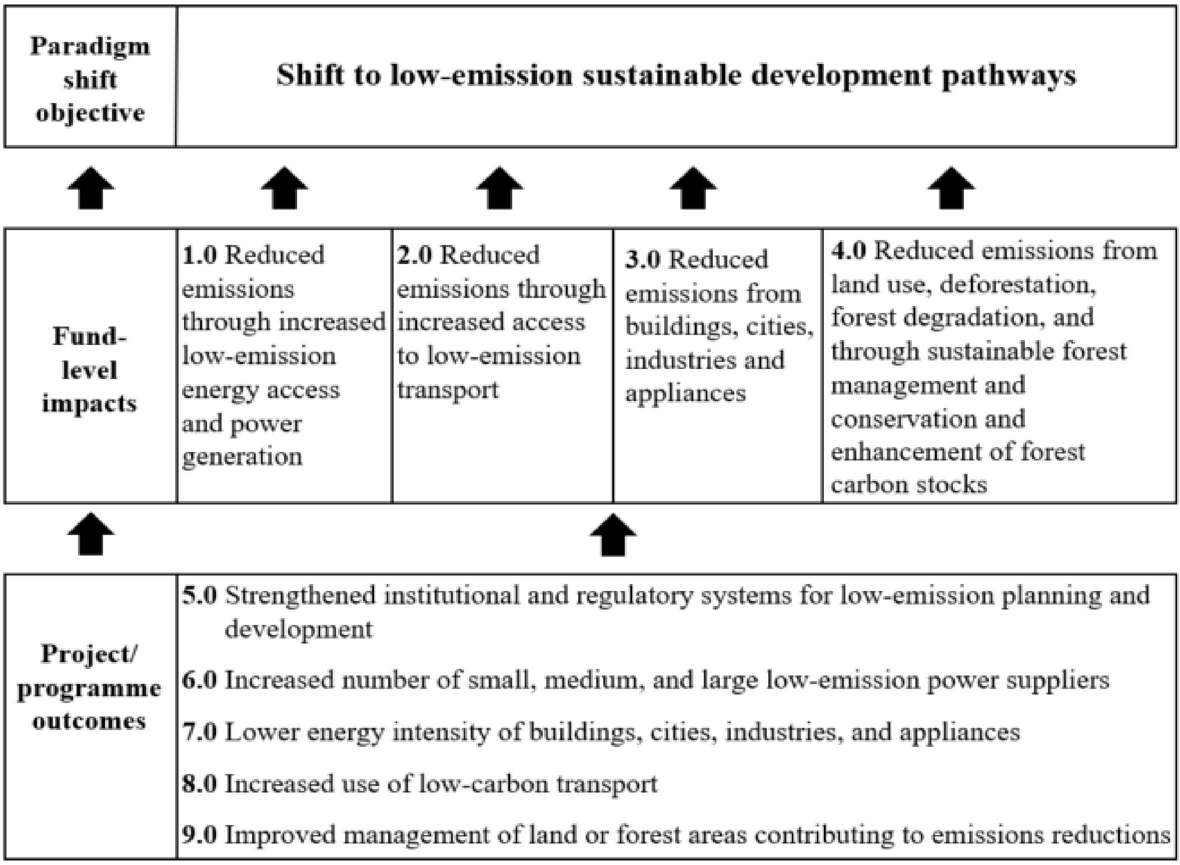
Source: GCF/B.07/04/ Annexes II-III and GCF/B.07/11/ Decision B.07/04

[15] The Board considered several adaptation indicators in GCF/B.13/34 and GCF/B.12/13, but this is the only Fund-level indicator that was agreed to. This reflects on the difficulty of measuring adaptation as compared to mitigation.

[16] GCF/B.08/45, Decision B.08/07 (a) and GCF/B.08/45, Annex VIII.

[17] Adapted from GCF/B.07/04/ Annexes II-III and GCF/B.07/11/ Decision B.07/04.

Figure 2 The mitigation logic model underpinning the RMF of the GCF[18]



Source: GCF/B.07/04/ Annexes II-III and GCF/B.07/11/ Decision B.07/04.

REDD+ indicators: In addition to these logic models and performance measurement frameworks for mitigation and adaptation, the GCF Board approved at its seventh meeting an extension to the mitigation logic model and corresponding indicators for the Fund's REDD+ results-based payments modality, in line with the Warsaw Framework on REDD+ (see Annex I).[19] Although the REDD+ PMF is an integral part of the mitigation performance management framework (PMF), results-based payments differ from the Fund's other ex-ante financed mitigation and adaptation activities in that payments are made after the results have been measured, reported and verified. The expected results of activities are a key criterion for allocating resources.[20] All indicators related to REDD+ result areas consist of the removal or reduction of CO2 emissions. As of August 2018, no REDD+ results-based payment projects had been approved by the Fund.

Current state of indicators: Overall, there are forty-three indicators that inform the RMF. These include paradigm shift *objectives*, *core*, *impact*, and *outcome* indicators, both approved and noted (summarized in Annex I) aim to create the basis for monitoring, reporting and evaluating the work of the Fund. The Board also decided that "*the Fund will assess project and programme proposals in each result area using the same impact indicators.*"[21]

[18] Adapted from GCF/B.07/04/ Annexes II-III and GCF/B.07/11/ Decision B.07/04

[19] GCF/B.08/45, Decision B.08/08 and GCF/B.08/45, Annexes X – XI.

[20] GCF/B.07/04, 27.

[21] GCF/B.05/23/, Decision B.05/03/(i).

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Table 1 Investment criteria of the GCF[22]

CRITERION	DEFINITION
Impact potential	Potential of the programme/project to contribute to the achievement of the Fund's objectives and result areas
Paradigm shift potential	Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment
Sustainable development potential	Wider benefits and priorities
Needs of the recipient	Vulnerability and financing needs of the beneficiary country and population
Country ownership	Beneficiary country ownership of, and capacity to implement, a funded project or programme (policies, climate strategies, and institutions)
Efficiency and effectiveness	Economic and, if appropriate, financial soundness of the programme/project

Source: GCF/B.09/23/ Decision B.09/05.

It is important to note that the RMF does not specify indicators for *outputs* or *activities*. It is assumed that they will differ for each project, and they will be determined by the accredited entities. The Board also decided that "*national and sector-wide indicators will be used only at the discretion of the recipient country*."[23] Furthermore, "*in designing local frameworks for results management, the Fund will develop indicators to measure the impact of the Fund on strategic improvements at a country level*."[24]

At B.12, the GCF Secretariat submitted a document aimed at the *further development of indicators in the performance management frameworks*,[25] proposing the refinement of already approved indicators to enhance the clarity of guidance, as well as changes to the indicators that had been previously noted by the Board. However, the Board decided to defer consideration of the document to B.13.[26] At B.13, a revised document[27] on the same topic was presented to the Board, and consideration was once again deferred, this time to B.14.[28] Since then, no document regarding the RMF or the PMFs has been considered by the GCF Board.

Other Board-approved criteria and frameworks relevant to the RMF

The Investment Criteria, the Monitoring and Accountability Framework and the Risk Management Framework provide further guidance on project preparation, managing for results and reporting results.[29]

The Investment Criteria: The Investment Criteria (IC)[30] translate the Fund's overall objectives into guidelines for projects (see Table 1). These six criteria provide guidance on how projects should be designed to achieve the expected results. Each criterion is broken down by different coverage areas and activity-specific sub-criteria and for each sub-

22 Adapted from GCF/B.09/23/ Decision B.09/05.
23 GCF/B.05/23/, Decision B.05/03/(j).
24 GCF/B.05/23/, Decision B.05/03/(k).
25 GCF/B.12/13.
26 GCF/B.12/32/, Decision B.12/33.
27 GCF/B.13/26.
28 GCF/B.13/32/Rev.01/ Decision B.13/34.
29 The Risk Management Framework is also an important Board-approved instrument that relates to the achievement of results. It is still under construction. The Risk Management Framework identifies the risks involved in the everyday activities of the Fund, identifies the principles to manage the different types of risks and defines the roles for risk management in the organization. This has been subject to nine Board decisions. A recent Board document compiles all the elements of the Risk Management Framework that have been approved by the Board to date, GCF/B.20/09.
30 GCF/B.07/06, GCF/B.20/Inf.14.

criterion, there is a set of indicative assessment factors that the Secretariat uses to review proposals.

The first criterion, 'impact potential' speaks directly to the results expected in the RMF's adaptation and mitigation thematic areas. Among its 'indicative assessment factors' (see Table 2), it includes *core* and *impact* level indicators from the PMFs to inform it. Table 2 presents the indicative assessment factors for each thematic area and points out which PMF indicators have been included as indicative assessment factors for the review of project proposals.[31] The other five criteria ('paradigm shift potential', 'sustainable development potential', 'needs of the recipient', 'country ownership' and 'efficiency and effectiveness') are also expected to be addressed by GCF project proposals.

Table 2 Indicative assessment factors for impact potential[32][33]

MITIGATION	ADAPTATION
Expected tonnes of carbon dioxide equivalent (tCO2eq) to be reduced or avoided (PMF-M Core 1); Degree to which activity avoids lock-in of long-lived, high-emission infrastructure; Expected increase in the number of households with access to low-emission energy; Degree to which the programme/project supports the scaling up of low-emission energy in the affected region by addressing key barriers; Expected number of MW of low-emission energy capacity installed, generated and/or rehabilitated; Expected increase in the number of small, medium and large low-emission power suppliers (PMF-M 6.0 and related indicator(s)), and installed effective capacity; Expected decrease in energy intensity of buildings, cities, industries and appliances (PMF-M 7.0 and related indicator(s)); Expected increase in the use of low-carbon transport (PMF-M 8.0 and related indicator(s)); Expected improvement in the management of land or forest areas contributing to emission reductions (PMF-M 9.0 and related indicators(s)); Expected improvement in waste management contributing to emission reductions (e.g. the change in the share of waste managed using low-carbon strategies and/or the change in the share of waste that is recovered through recycling and composting); and/or Other relevant indicative assessment factors, taking into account the Fund's objectives, priorities and result areas, as appropriate on a case-by-case basis.	Expected total number of direct and indirect beneficiaries (reduced vulnerability or increased resilience); number of beneficiaries relative to total population (PMF-A Core 1), particularly the most vulnerable groups; Degree to which the activity avoids lock-in of long-lived, climate-vulnerable infrastructure; Expected reduction in vulnerability by enhancing adaptive capacity and resilience for populations affected by the proposed activity, focusing particularly on the most vulnerable population groups and applying a gender-sensitive approach; Expected strengthening of institutional and regulatory systems for climate-responsive planning and development (PMF-A 5.0 and related indicator(s)); Expected increase in generation and use of climate information in decision-making (PMF-A 6.0 and related indicator(s)); Expected strengthening of adaptive capacity and reduced exposure to climate risks (PMF-A 7.0 and related indicator(s)); Expected strengthening of awareness of climate threats and risk reduction processes (PMF-A 8.0 and related indicator(s)); and/or Other relevant indicative assessment factors, taking into account the Fund's objectives, priorities and result areas, as appropriate on a case-by-case basis.

Source: GCF/B.09/23, Annex III.

Under the investment criterion 'efficiency and effectiveness', two mitigation core indicators of the PMF (see Annex I) are mentioned as 'indicative assessment factors': estimated cost

[31] GCF/B.09/23, Decision B.09/05.
[32] GCF/B.09/23, Annex III.
[33] See guide for PMF abbreviations in Annex I.

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per tCO2eq; the amount of finance leveraged. The other investment criteria (ICs) are not explicitly addressed in the RMF or informed by the PMF but are complementary to the framework. For example, various IC refer to conditions that may contribute to a paradigm shift and broad adoption of the innovations introduced by Fund investments. Also, the expectation from proposals regarding country ownership, a topic merely referred to in the RMF, is spelt out in much more detail under the investment criterion.

The Monitoring and Accountability Framework (MAF): Another framework that is highly relevant to results management is the MAF.[34] The MAF provides guidance on responsibilities, tools and processes related to monitoring and reporting results from GCF investments. At its eleventh meeting, the Board stated that the MAF is "*designed to ensure the compliance of accredited entities (AEs) with their accreditation standards over time and effective implementation of each of the GCF-funded projects and programmes of the AE.*"[35] "*Monitoring and accountability involve a series of actors with specific roles and responsibilities. These include AEs; the Secretariat and the GCF accountability units; national designated authorities (NDAs) or focal points; the direct beneficiaries of projects and programmes; project-affected people and communities; and other local actors such as local governments, civil society organizations, non-governmental organizations and the private sector.*"[36]

"*In terms of institutional responsibilities:*

(a) The NDA or focal point will play an important role in accordance with the "Initial best practice guidelines for the selection and establishment of national designated authorities and focal points."[37] NDAs are also "to ensure consistency of funding proposals from national, subnational, regional, and international intermediaries and implementing entities with national plans and strategies."[38]

"(b) The AE is responsible for implementing the project in compliance with the funded activity agreement;

(c) The Secretariat will be responsible for implementing the monitoring and accountability framework; and

(d) The accountability units of the GCF will play a role according to the mandate in their terms of reference."[39]

The MAF has guidance for:

- Accredited entity (AE) compliance, which addresses the process by which the Fund will monitor the compliance of the AEs with their roles and responsibilities in project implementation, including monitoring and reporting on results**.**

- Funded activity monitoring, which outlines the AE's monitoring, evaluation and reporting responsibilities, identifies the APR as the regular instrument for annual reporting and provides guidance on information that APRs must contain.

- Risk monitoring based approach, which directs the Secretariat to develop an early warning system based on risk flags that will reflect the Secretariat's assessment of risks related to the project itself ('project risk flags') and risks related to the overall performance of the AE ('AE risk flags'). This component also directs the Secretariat to use this risk flags system to identify projects for more in-depth reviews and closer monitoring.

- Incentives and remedial actions that AEs may employ to address risks identified,

[34] GCF/B.11/24/, Decision B.11/10.
[35] GCF/B.11/24/, Decision B.11/10, Annex I., 1.
[36] GCF/B.11/24/, Decision B.11/10, Annex I., 2.
[37] GCF/B.11/24/, Decision B.11/10, Annex I., 3.
[38] GCF/B.04/17, Decision B.04/05 (e) (iii).
[39] GCF/B.11/24/, Decision B.11/10, Annex I., 3

and an assessment of the related capacity needs of the AE.

- Reaccreditation, which outlines the process of reaccreditation of the AEs and the consideration of risk flags during this process.

- Tools, which indicates that, considering the large volumes of information that will be coming in to the Fund, there will be a need to establish the appropriate information management systems as well as portals to permit communication among key stakeholders in the system and a knowledge management platform.

Reporting requirements of the AEs: The MAF requires that AEs submit two main documents to the GCF. First, the AEs are required to submit APRs. As per Board-approved guidance, APRs need to include a narrative report (with supporting data) on implementation progress based on the logical framework submitted in the funding proposal and on considerations of the ongoing performance of the project/programme against the GCF investment framework criteria. APRs also need to include updates on indicators and a report on environmental and social safeguards (ESS), as well as gender. Each report is required to be aligned with the set of results areas and the menu of indicators set out in the GCF RMF and its performance measurement frameworks for adaptation and mitigation. The Board decision also indicates that "*during the post-implementation period, the submission of APRs might be required*" which would be after the project was finalized.[40]

Second, the AEs are required to submit an interim evaluation report and a final evaluation report for each funded activity. It is expected that these project/programme-level evaluations will assess the performance of the funded activity against the GCF investment framework criteria, including financial/economic performance as part of the project/programme efficiency and effectiveness criterion. It is important to note that project monitoring is expected to be financed from project funds while costs for agency supervision and reporting are meant to be covered by the fees of the accredited entities.

The Risk Management Framework: Managing risks effectively is a key function to ensure results. However, the RMF is silent on this. Risk management of the Fund has been addressed by other Board decisions and is still under development. The Board in its decision 11/10 indicates that "*as a part of the GCF overall risk management framework, the Secretariat will develop an early warning system based on risk flags that reflect the Secretariat assessment of the following:*

(a) Risks related to the project itself (project risk flags); and

(b) Risks related to the overall performance of the AE (AE risk flags)"[41]

"Risk flags will be reported as part of the GCF risk dashboard presented periodically to the Board."[42]

Board Decision 11/10 also requests that risk-based flags be used to decide instances in which the Secretariat would carry out ad hoc checks and that "*In addition, the Secretariat will conduct a small number of ad hoc checks each year on a random basis.*"[43] and "*An annual review will be conducted by the Secretariat on a given proportion by number of projects and programmes. The annual review will consist of an analysis of the information available from the overall risk management system of the GCF.*"[44]

[40] GCF/B.11/24, Decision B.11/10, Annex I, 12.
[41] GCF/B.11/24, Decision B.11/10, Annex I, 17.
[42] GCF/B.11/24, Decision B.11/10, Annex I, 18.
[43] GCF/B.11/24, Decision B.11/10, Annex I, 22.
[44] GCF/B.11/24, Decision B.11/10, Annex I, 23.

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Subsequent Board decisions have further defined the process, and the roles and responsibilities for risk management in the Fund by adopting the Committee of Sponsoring Organizations of the Treadway (COSO) Internal Control – Integrated Framework.[45] The COSO model outlines the components, principles and factors necessary for an organization to effectively manage its risks through the implementation of internal controls. The model identifies key roles and responsibilities in risk management, but it does not specify who or what units within an organization should be responsible for the different roles, since this presumably depends on the context of the organization. The architecture of the COSO model lays out 'three lines of defence' within an organization that are managed with the oversight and direction of senior management and the board of directors. The premise is that this structure is necessary for the effective management of risk. The first 'line of defence' identifies those who own and directly manage the risk. The second line of defence identifies those who monitor, oversee and provide support to the front line. The third line of defence identifies those who provide independent assurance to the Board and senior management concerning the effectiveness of the risk management structure and associated controls within the organization. This three-lines-of-defence model is meant to be flexible and each organization is expected to decide how duties are allocated across the organization. However, the governance and control environment are said to be stronger when the lines of defence are spread across the organization rather than in a few units or divisions.

Board Decision B.BM-2015/06 adopted the COSO framework as the internal control framework for the Green Climate Fund. It defined 'Internal Control' as a process designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance. Particularly it laid down the first line of defence for the Fund as the staff of the Fund, who are "*responsible for ensuring the effectiveness of the Fund's system of internal controls by applying control policies, guidelines and procedures in the conduct of their day to day activities."* It also specified the "*second line of defence in ensuring effective internal control is the Fund's Risk Management Framework"* and continued to say that "*The third line of defence in ensuring effective internal control are the External and Internal Audit functions, internal Monitoring and Evaluation (M&E), and the independent Evaluation Unit (EU)…."*[46] The specific roles and responsibilities of the units in the Secretariat were not defined but are supposed to be outlined in a procedural document to be developed by the Secretariat.

[45] Institute of Internal Auditors (2015).

[46] Board decision B.19/04 however contradicts this framework with various inclusions and assumptions that are contradictory. For instance, although it uses the COSO framework and alludes to it, it considers the OIA as the third line of defense, even though within the GCF structure the OIA is not an independent office. Furthermore, it explicitly excludes the Independent Evaluation Unit from this structure.

Table 3 Brief characteristics of other climate-related funds' results frameworks

Name	Year current result framework was adopted	Indicators annually reported to governing body	Thematic area
Global Environmental Facility (GEF)[47]	2018	10	Mitigation
GEF Special Climate Change Fund & GEF Least Developed Countries Fund[48]	2018	25	Adaptation
Climate Investment Funds (CIF) Scaling Up Renewable Energy Program[49]	2012	2	Mitigation
CIF Forest Investment Program[50]	2018	11	Mitigation
CIF Clean Technology Fund[51]	2014	5	Mitigation
CIF Pilot Program for Climate Resilience[52]	2018	5	Adaptation
Adaptation Fund[53]	2010	5	Adaptation

Source: Global Environment Facility (2018a), Global Environment Facility (2018b), Climate Investment Funds (2017a), Climate Investment Funds Administrative Unit (2018a), Climate Investment Funds (2017b), Climate Investment Funds Administrative Unit (2018b), Climate Investment Funds (2017c), Climate Investment Funds Administrative Unit (2014), Climate Investment Funds (2017d), Climate Investment Funds Administrative Unit (2018c), Climate Investment Funds (2012), TANGO International in association with the Overseas Development Institute (2015), TANGO International (2018). See Annex II for further information.

Results Management and Reporting by Climate Funds

A review of the results frameworks of eight funds indicates that all funds have developed a results management framework or a comparable instrument (see Table 3). Most of these frameworks have been used in all cases for at least six years, and subsequently updated either during replenishment or during other wider organizational restructuring. All eight funds distinguish between funding for adaptation and funding for mitigation activities and projects.

Prior to 2018, most funds reported two indicators on an annual basis, few others reported more. In 2018, however, several funds revised their results frameworks and significantly increased the number of indicators. For example, the GEF increased the number of indicators it reports to the GEF Council from one climate change indicator reported in its scorecard to 10 climate change related indicators. During GEF 6, the tracking tool for climate change included nine

[47] Global Environment Facility (2018a).
[48] Global Environment Facility (2018b).
[49] Climate Investment Funds (2017a); Climate Investment Funds Administrative Unit (2018a).
[50] Climate Investment Funds (2017b); Climate Investment Funds Administrative Unit (2018b).
[51] Climate Investment Funds (2017c); Climate Investment Funds Administrative Unit (2014).
[52] Climate Investment Funds (2017d); Climate Investment Funds Administrative Unit (2018c); Climate Investment Funds Administrative Unit (2012).
[53] TANGO International in association with the Overseas Development Institute (2015); TANGO International (2018).

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indicators, of which only one was regularly reported in the GEF score card. Also, up to GEF6, GEF reported only on CO2 estimated reductions at project entry, not actual reductions at project completion. For GEF 7 the replenishment document indicates that the GEF will have to report on realized reductions. The GEF Special Climate Change Fund and Least Developed Countries Fund prior to 2018 reported separately to their governing bodies. For the new replenishment period from 2018 onwards, they will start to report jointly. Separately, they used to report two indicators each, but for the new replenishment period, they will be reporting 25 indicators jointly. The CIF Forest Investment Program also increased the number of indicators in 2018 from two to eleven (see Annex II for further information). Examining the design, use and relevance of these indicators is outside the scope of this review, but can definitely throw some important light on experiences.

Results Management Challenges: Lessons from International Organizations

International organizations have sought to implement results management for over two decades. While approaches have varied from one organization to another,[54] the Organisation for Economic Co-operation and Development (OECD),[55] the World Bank's Independent Evaluation Group (IEG)[56] and other organizations reprise some key issues with indicators and results frameworks across development organizations overall. These are summarized here and illustrated by key insights gleaned by the evaluation team.

First, results frameworks are effective only if key stakeholders have conceptual clarity of the objectives and results of the organization and there is clear guidance on the causal chain i.e. how activities translate into long-term goals of the organization.[57] Overall results framework should provide a clear guide on the chain of causality that indicates how activities are expected to result in the long-term goals of the organization. This is particularly important in the case of organizations that pursue long-term transformational objectives.[58] In the case of the GEF, for example, recent replenishments have been an opportunity for a significant shift from monitoring outputs and activities to monitoring immediate project outcomes, the absence of a theory of change has precluded the identification, monitoring and reporting of mid- and long-term results from projects and programmes.[59]

Second, effective and efficient monitoring systems are necessary but not sufficient for ensuring that there is information feedback for management and reporting. Indeed, one way to ensure sound management and reporting is to select a few indicators well defined, with strong measurement protocols and therefore aggregable. When these indicators are accompanied by narratives they can be used to inform the broader processes that the organization is seeking to inform and catalyse.[60]

Third, the organization must set in place a clearly articulated and well-understood structure and guidance for informing indicators that will in turn help ensure in real-time that activities and outputs address long-term objectives. Structures should consist of protocols, tools and processes, and should define roles and responsibilities for monitoring, evaluation, reporting clearly and should engage closely and regularly with the ultimate users of this information i.e. the parts of the organization that are responsible for strategy and implementation.[61]

[54] DAC (2000); OECD (2014a).
[55] OECD (2014a).
[56] IEG (2012).
[57] OECD (2016).
[58] IEG (2012).
[59] GEF IEO (2017).
[60] OECD (2014b); GEF IEO (2017).
[61] Mayne (2007); OECD (2014c).

Fourth and related to the point above, organizations must learn to adapt in real-time their results management systems to the changing environment in which they operate. Development practitioners report being constrained by rigid results frameworks that are not flexible enough to include new information or methodologies that can help adapt to changing contexts and emerging challenges. Particularly important is to promote the use of information and in the case of international organizations to **link information systems with country M&E systems**.

Last but not least, it is important that organizations support an institutional culture conducive to managing for results through strong leadership and incentives for stakeholders across the organization. Indeed, effective resource management systems integrate flexibility to adapt to the changing environment by fostering discussion on good and poor performance and empowering stakeholders to explore solutions.[62] It is particularly important to promote the *use* of information and evidence, and in the case of international organizations, to link information systems with country M&E systems and the Sustainable Development Goals (SDGs).[63]

[62] Zall, J. and Rist, R. (2004).

[63] OECD (2017); United Nations Development Group (2011).

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III. METHODOLOGY AND EVIDENCE

Principles guiding this review

The IEU's independent review of the GCF's RMF is guided by several key principles that have been laid down by the GCF Board and the Governing Instrument. First, the review recognizes that the GCF RMF is **still under construction**. This review thus examines the existing results management framework and corresponding performance management frameworks, its use and credibility, and identifies lessons that the GCF Secretariat may employ while further developing the results framework. Second, the review acknowledges the importance of maintaining **a flexible framework** to allow for effectively and efficiently including lessons learnt.[64] This is also in line with the provisions of the Governing Instrument, which states that the Fund will be "*flexible and will be a continuously learning institution.*"[65] Third, the review underscores that both the RMF and corresponding PMFs must acknowledge the importance of **country-drivenness**. The review is designed considering this principle: The review uses both a bottom-up and a top-down inquiry with the objective of integrating perspectives across the spectrum of GCF stakeholders. This aims to ensure that Fund concerns and country priorities are taken into consideration.[66] Fourth, the Governing Instrument of the Fund underlines the importance of taking a **gender-sensitive approach**,[67] also reaffirmed by the GCF Board.[68] In line with this, the review also places focus on examining the RMF's gender-related approach. Fifth, the Board also decided that "*in designing its results management framework, the Fund will use the experience of other relevant entities.*"[69] To that end, the review also carried out a **brief review** of the challenges of results management faced by international organizations (see Chapter II).

Learning questions of the review

In light of the guiding principles and the objectives of this review, and to contribute to the continuous learning of the institution, the review team identified three key learning questions that serve as the core structure of the review. As a recap, the three key learning questions are the following:

1. What are we learning from the *design* of the GCF's RMF?
2. What are we learning from the *application and use* of the RMF to funding proposals in the GCF's portfolio?
3. What are we learning about the RMF from projects or programmes under *implementation*?

These questions were chosen to reflect the different stages at which the RMF interacts with the GCF's project cycle. They helped the review team to assess the design, implementation and the utility of the RMF and to derive lessons for its improvement.

[64] GCF/B.05/23/ Decision B.05/03/ (h) '[The Board] Further decides that the Fund, as a continuously learning institution, will maintain the flexibility to refine its results management framework, result areas and performance indicators [..].'
[65] FCCC/CP/2011/9/Add.1, Decision 3/CP.17 Annex, (3.).
[66] GCF/B.04/17/ Decision B.04/04/ (b) '[The Board] Reaffirmed that country ownership will be a core principle of the business model framework of the Fund and that countries will identify their priority result areas in line with their national strategies and plans.'
[67] FCCC/CP/2011/9/Add.1, Decision 3/CP.17 Annex, (3.).
[68] GCF/B.07/11/ Decision B.07/04/ (d) '[The Board] Decides that the results management framework should take a gender-sensitive approach and that the results should be disaggregated by gender where relevant.'
[69] GCF/B.05/23/ Decision B.05/03/ (l) '[The Board] Further decides that in designing its results management framework, the Fund will use the experience of other relevant entities, and, where appropriate, align the framework and indicators with existing best practice models.'

Table 4 *Operationalizing the IEU's evaluation criteria*[70]

Criterion	Definition
Relevance	Relevance assesses the extent to which the RMF addresses the key priorities of the GCF and objectives of the Board mandate.
Coherence	Coherence addresses the extent to which reporting is consistent among project and programme components and is aligned with other non-GCF reporting burdens.
Country ownership	Country ownership assesses the extent to which the RMF considers country capacities and priorities and delivers high utility to countries.
Effectiveness	Effectiveness assesses the extent to which the approved projects are incorporating into their monitoring systems indicators that will enable reporting of funding allocations, project results and organizational effectiveness.
Efficiency	Efficiency assesses the extent to which the RMF has fostered or hindered the wise use of resources.
Gender equity	Gender equity addresses the extent to which the framework captures gender-disaggregated information, including in priorities, processes, and impacts.

Source: GCF/B.06/18, Annex III, VI.

Review Criteria

In answering these three key learning questions, the review team was guided by the principles set out by the Board and the Governing Instrument and by the evaluation criteria of the Independent Evaluation Unit, stated in its Terms of Reference.[71] These criteria were applied to each key learning question, creating a matrix for the review to guide its data gathering and analyses (see Table 4). Given the state of implementation of GCF projects in the portfolio and the subject matter addressed, the review focused on six IEU evaluation criteria (relevance, country ownership, coherence, effectiveness, efficiency, and gender equity). Other IEU evaluation criteria were addressed within the context of these criteria. The review also assessed several aspects related to monitoring and reporting.

Methods and tools

To carry out the review and answer the three key learning questions, the review team used an array of different research tools and methods.

First, a desk review and analysis of key documents were undertaken to provide information on the elements of the GCF's RMF, and on corresponding performance measurement frameworks. The review also analysed information on projects and programmes and the application of the RMF to project design in the GCF portfolio and studied documents related to projects and programmes under implementation. Key documents reviewed include (see Chapter VI for other references):

- Board decisions until B.20 (June 2018)
- Board information documents until B.20 (in June 2018)

[70] GCF/B.06/18 Annex III, VI.

[71] GCF/B.06/18 Annex III, VI.

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- GCF Operations Manual
- Project Funding Proposals
- Annual progress reports for 18 projects (see Annex IV)
- GCF country portals

Second, we also reviewed international experience. This allowed us to identify the main challenges in the design of results management experienced by other international organizations, build upon international best practice and take into consideration themes and challenges that are emerging from other organizations' results management frameworks.

Third, interviews were carried out with more key informants' interviews and with more than a hundred stakeholders, including staff from the GCF Secretariat, staff of the NDAs, of AEs, and of implementing teams/delivery partners. The review team organized interviews with the GCF divisions in Songdo, South Korea, on 17-22 June 2018. The Lead Consultant visited Songdo to lead these interviews. Additionally, the review team convened a second meeting with the divisions in Songdo, South Korea, on 3-7 September 2018. The review team held several meetings to exchange relevant information and examine the use and application of the RMF with AEs in New York, London, Hanoi, and Nairobi through in-person conversations or through video-conference. It also consulted with the United Nations Framework Convention on Climate Change to discuss the institutional importance and update of the GCF RMF. The comprehensive list of consulted stakeholders can be found in Annex III.

Fourth, country-level field work provided important insights into aspects of country priorities and capacities related to the implementation of the RMF and its usefulness. The review team visited three countries (Kenya, Rwanda, and Viet Nam) to capture first-hand relevant experience and insights into processes and capacities related to the implementation of the RMF at a regional, national and local level. The selection of these countries was based on the shortlist of 31 GCF projects that were under implementation as of June 2018, out of a total of 74. Of these, 18 projects had submitted an APR in or shortly after March 2018. Given the limited resources and time for the review, only two projects were selected. To obtain sufficiently broad insights from the visits, the selection aimed to provide insights on multiple aspects of the Fund's operations. Thus, the first project selected was a private sector project, implemented by a direct access entity in multiple countries, and the second project was a public sector project implemented by an international access entity. Annex IV contains the list of all funding proposals with available annual progress reports. Country visits provided useful insights into aspects of country priorities and capacities related to implementation, management and monitoring of progress in order to inform the GCF's RMF.

Fifth, the review team analysed planned results reporting in 74 proposals of Funded projects that have been approved by the GCF Board. The analysis provided insights on the type of information that will be made available to the GCF through future reporting once implementation begins. This analysis focused mainly on impact and outcome-level results areas targeted by AEs in their funding proposals. Data from specific sections from these proposals was manually input into an IEU database.

Last but not least, the analysis was complemented by insights from a quality of entry study carried out by the GCF IEU.[72] The evaluability study examined proposals of 74 approved GCF Funded Projects and asked

[72] Fiala, N., Puri, J., Mwandri, P. (2018).

the question: To what extent will the GCF's projects and programmes be able to *credibly* report their impacts, efficiency and effectiveness, in an evidence-based way? (see Annex V for further notes on the study's methodology).

The IEU Database

For this review, the IEU team developed a database, which involved manually collecting, recording and coding data from proposals of GCF Funded Projects that have been approved by the GCF Board. This IEU dataset contained data from all fields in GCF proposals of Funded Projects. Additionally, it also included information from the 18 GCF APRs of 31 GCF projects currently under implementation and from other Secretariat portals and interfaces. All information was manually input and compiled by the IEU into a spreadsheet. Ultimately the dataset consists of qualitative and quantitative information manually extracted from proposals of Funded projects, annual progress reports, FAAs, and from GCF data storage platforms, including the GCF website, SharePoint, Integrated Portfolio Management System (iPMS), Fluxx, Country Portals, and from data maintained by different GCF divisions (Division of Mitigation and Adaptation (DMA), Division for Country Programming (DCP), Office of Portfolio Management (OPM), and the Finance Office). Inconsistent data was checked and corrected after discussions with relevant staff at the GCF Secretariat. All this took the IEU approximately four months to put together (not including time spent for analysis). All information was double-checked, and a percentage of the data was blindly double-entered to ensure the accuracy of data inputs. The information was tested and cross-validated. The data is valid till September 11, 2018.

The IEU database is fundamental for a range of analyses performed throughout the review. For this review, the team analysed qualitative information related to the purpose, theme, result areas indicators, methodologies, financial instruments as indicated in the proposals. Qualitative data was then coded using a preliminary set of fifteen studies to create a data dictionary. Subsequently, all proposals were analysed using this data dictionary. Analysis was undertaken for different attributes and aggregation levels, e.g. by financial instrument, country, region, time of submission, access modality and country classification. The review team also analysed quantitative data on approved and disbursed amounts.

Limitations of the review

We note a few limitations of this review. First, the GCF portfolio is still in its infancy. Few projects have commenced implementation, and a smaller number have submitted their first annual progress report. To ensure that the review is drawing useful lessons, the review deliberately focused itself on examining underlying processes within and outside the GCF. The hypothesis is that if processes are sound, the GCF will be able to inform the likely robustness of its results. Furthermore, the review does not examine the effectiveness or relevance of results-based payments since it is too early to do so.

Second, due to the limited time available for carrying out the review, only three countries were visited for assessing processes. These countries were not representative and were chosen purposefully to elicit the most useful lessons for implementation and use. Country missions provided valuable insights into the opportunities that the Fund has for harmonising results management with countries and country priorities, which we hope will help inform subsequent development of frameworks and guidelines.

Finally, this report's chapters are structured around six of IEU's eleven evaluation criteria. However, in designing the review, the team ensured that all IEU's evaluation criteria were analysed.

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IV. ANALYSIS BY EVALUATION CRITERIA

This review provides an assessment of the GCF's Results Management Framework and its use throughout the project cycle, and distils lessons from its application, drawing insights on the capacity and needs of country partners and the Fund itself. Given the learning objectives of the RMF review, the assessment uses criteria laid out in the preceding section. Based on Table 4, the review employs the following main criteria: relevance and coherence of the RMF; country ownership (to ensure relevance of the RMF to country priorities); effectiveness (in the use of the RMF during project design); efficiency (of the application of the RMF in resource allocation, project design and reporting); and the effectiveness of the RMF in supporting gender sensitivity in GCF operations and investments.

A. Relevance and Coherence

The Governing Instrument of the GCF defines the purpose of the Fund as follows: "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."[73] This section of the review addresses the extent to which the RMF is internally coherent and provides consistent guidance for identifying projects that are likely to promote long-term paradigm shifts towards low-emission climate resilient development. It assesses the logical coherence and the sufficiency of guidance from the RMF. Since the RMF is not the only framework to guide and inform the GCF's overall objective of promoting a paradigm shift towards low-emission and resilient development, we also examine other frameworks that have been approved by the Board and that complement the guidance found in the RMF, such are the Fund's investment framework, the monitoring and accountability framework and the risk management framework.[74,75]

Assessment of the logical models in the GCF RMF

Logically coherent models or "logic models" are important in projects and programs seeking change because logical models provide guidance that ensures that cause-and-effect linkages are maintained. Logic models also describe conditions and pathways necessary to achieve long-term goals.[76] While the RMF identifies eight specific impact result areas for its investments as indicated in Figure 1 and Figure 2, overall, we find 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. We find also that there is **a critical absence of guidance on measuring these result indicators and how they may be used or informed.**

An analysis carried out by the Independent Evaluation Unit of the GCF shows the difficulty that approved projects encounter in credibly measuring their causal change.[77] The study looked at the proposals of 74 funded projects of the GCF, up to B.19. It found that in more than **two-thirds of the projects' funding proposals the causal pathways leading to the desired impacts of the**

[73] FCCC/CP/2011/9/Add/, Decision 3/CP.17/ Annex (2).
[74] GCF/B.09/23, Decision B.09/05.
[75] GCF/B.11/24, Decision B.11/10.
[76] GCF/B.11/24, Decision B.11/10.
[77] Fiala, N., Puri, J., Mwandri, P. (2018).

projects either were not very well discussed or were unclear.

Assessment of the adaptation logic model

Misclassification: As indicated in the adaptation logic model in Figure 1, the project-level *outcome* results 5, 6, 7 and 8 articulate conditions that are likely to enable or contribute to Fund-level *impact* results 1, 2, 3 and 4. Project-level outcomes 5, 6 and 8 are: "strengthened institutional and regulatory systems," "increased generation and use of climate information," and "strengthened awareness of climate threats and risk reduction," respectively. These seem well understood. However, project-level *outcome* 7 "strengthened adaptive capacity and reduced exposure to climate risk," is not an outcome that can be fostered by individual projects alone. Instead, this project-level outcome area resembles a Fund-level *impact* area. This is clearly a misclassification and needs to be corrected.

There are also critical omissions in the framework. This framework ignores key enabling conditions important for increasing resilience that have been widely recognized as necessary. These include variables such as access to financial resources or technology, or organizational capacities.[78] Indeed the fifth assessment report of the IPCC emphasizes conditions required to strengthen climate-resilient pathways. [79] These include access to scientific and technological expertise and options; access to financing for appropriate climate change strategies; business models; and innovative financial instruments. These are ignored in the RMF (see Figure 3).

Critically, the RMF ignores the overall strength and potential contributions of the private sector. To illustrate, the logic behind micro-loan programmes is that access to finance enables disadvantaged and marginalized societies to improve and diversify their income-generating activities and livelihoods, therefore reducing external risks and reducing vulnerability to climate change.[80] Thus micro-loan programmes aim to build resilient communities. However, the RMF does not acknowledge this important source of diversification in the adaptation logic model and ignores an instrument that is familiar and used frequently by the private sector. Similarly, equity funds often focus on technological change and most climate financing in the private market is driven by technology companies. However, building the organizational capacities of these companies, leveraging their resources, or indeed recognizing their business models as critical for meeting climate-related objectives are not addressed by the RMF. As technology and business models are not factors considered in the results framework, it is likely that private sector investors and institutional funds do not see a role for them in adaptation-related shifts aimed at by the GCF.

The adaptation logic model lacks clarity in some of its key concepts. The adaptation logic model has as its objective "increased climate resilient sustainable development". This is however not defined anywhere. Indeed, the PMF presents an indicator that is self-referencing. The indicator is "(The) degree to which the Fund is achieving a climate-resilient sustainable development impact." Clearly, this does not provide adequate guidance in respect to the higher-level objective and will require careful definition and guidance for measurement. Furthermore, guidance in the RMF does not distinguish between climate-resilient activities and regular development work. Country stakeholders interviewed for this review underscored that climate adaptation and resilience, and sustainable development are "different sides of the same coin." This discussion around what

[78] Berkes, F., Ross, H. (2013); Denton, F. et al (2014).
[79] Denton, F. et al (2014).
[80] Servon, L. (1998).

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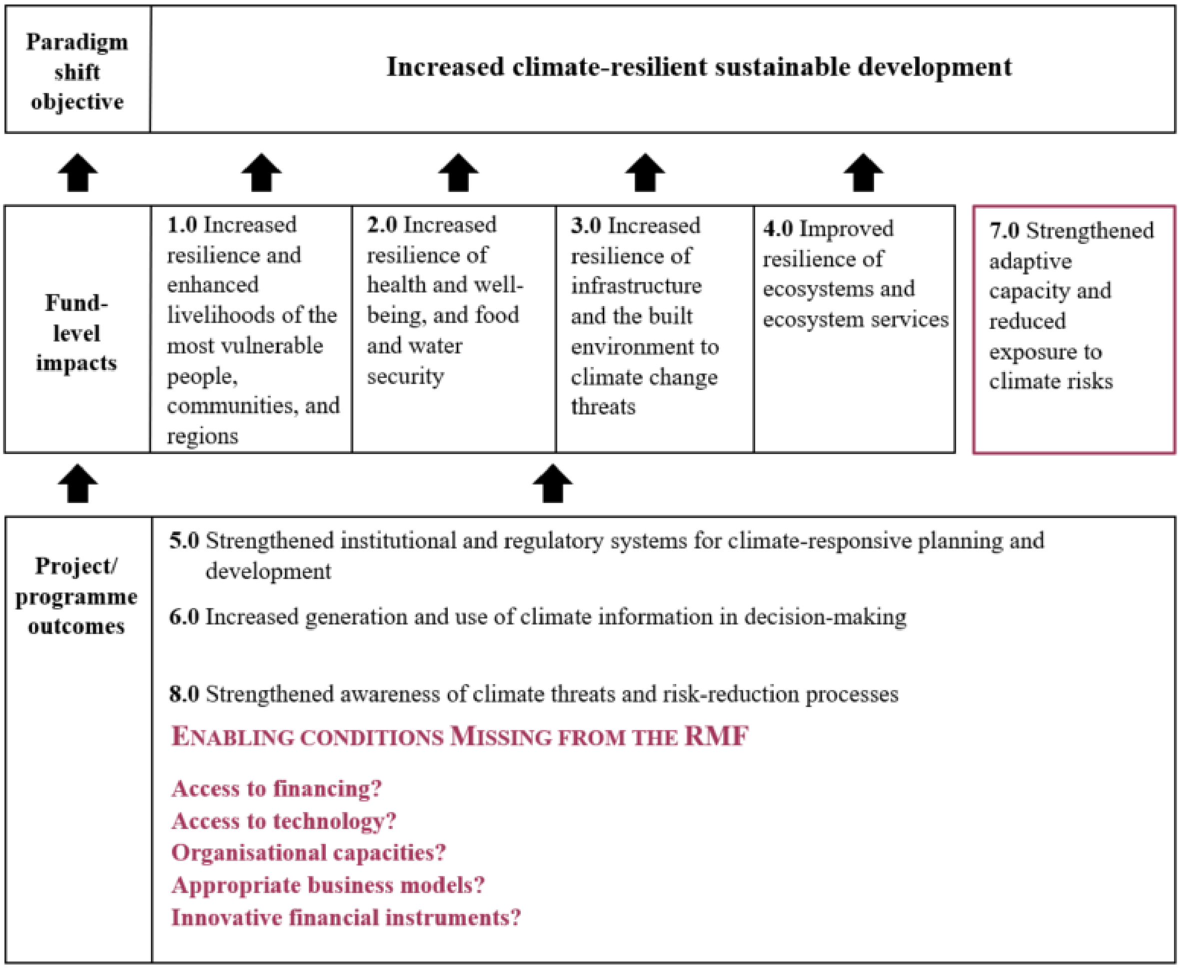
differentiates adaptation from development is not particular to the GCF. It is clearly an issue that requires guidance and needs to be more explicitly addressed within the Fund. The development community has over time tried to address the question of how adaptation and sustainable development interventions differ.[81] One difficulty in making this interrelationship and distinction clear is that adaptation and resilience are very site and context-specific. Indeed, a different study, undertaken by the Overseas Development Institute, in which 41 different frameworks for adaptation and resilience were reviewed, found that "*there is a clear gap between the theory on resilience and the way in which the indicators focus on well-being and development factors; and indicators may not always provide a complete picture of resilience*."[82]

One example, highlighted by the IEU's evaluability study,[83] is the case of FP008, titled "Urban Supply and Wastewater Management Project in Fiji." The project includes activities such as improving water production and treatment systems, enhancing water sector management practices and regulations, and increasing sewage coverage capacity.[84] Although the proposal appears to address the challenge of ensuring access to clean water, it does not indicate how the project would specifically mitigate risks to water security *caused* by climate change.

Figure 3 Assessment of the adaptation logic model[85]



Source: GCF/B.07/04/ Annex II-III and GCF/B.07/11/, Decision B.07/04.

[81] Huq, S. et al. (2006); Grist, N. (2008).
[82] Schipper, E. L. F. and Langston, L. (2015).
[83] Fiala, N., Puri, J., Mwandri, P. (2018).
[84] Fiala, N., Puri, J., Mwandri, P. (2018).
[85] Adapted from GCF/B.07/04/ Annex II-III and GCF/B.07/11/, Decision B.07/04.

Another example is FP011, titled "Large-scale Ecosystem-based Adaptation in The Gambia: Developing a Climate-Resilient, Natural Resource-based Economy." In this case, various interventions of the project include restoring priority degraded areas, reducing soil erosion, increasing groundwater recharge and increasing supply of ecosystem goods through an ecosystem-based adaptation programme. However, it is again unclear how the project will specifically address the negative livelihood impacts caused by increased variability induced by climate change.

The review team found that guidance on impact indicators is general and not useable. As discussed above, the indicators for paradigm shift objectives (for both, the mitigation and for the adaptation logic models) are non-specific and inadequate for quantification, tracing or aggregation. As mentioned earlier, for adaptation, the paradigm shift objective indicator is 'the degree to which the Fund is achieving climate-resilient sustainable development impacts. For mitigation, the paradigm shift objective variable is: "the degree to which the Fund is achieving low-emission sustainable development impacts." Neither one of these indicators meet the basic SMART (Specific, Measurable, Achievable, Realistic and Time-bound) criteria.[86] There is also no guidance on methods to measure these indicators including by whom, when and how these indicators are informed (within the project).

Along the same vein, the *core* adaptation indicator is "The total number of direct and indirect beneficiaries; (and) number of beneficiaries relative to total population". Again, no guidance or protocol is provided. Illustratively, it does not specify how beneficiaries will be identified, the unit of measurement and who counts as a 'direct' and an 'indirect' beneficiary. Using a selection of projects under implementation[87], five projects based their calculations on 'actual population' using the assumption that every resident could benefit from the financed intervention.[88] Not only is this unrealistic, but the credibility of using the national census to arrive at this number is also questionable. Since each funded project can define this using its method (many entities do not define their approach), it's unclear whether the indicator is aggregable. Overall this indicator does not capture the purpose of the adaptation thematic area, which is to achieve climate-resilient sustainable development**.**

[86] In turn these imply: Specific, meaning they target a specific area; Measurable meaning it can be quantified or at least there is some indicator of progress; Achievable, that they can be attained; Realistic meaning the goal or objective can be realistically achieved (given available resources) and Time bound meaning they indicated when the result will be achieved.

[87] All 18 projects under implementation and with APRs submitted were reviewed; including FP001, FP002, FP005, FP010, FP011, FP013, FP015, FP016, FP018, FP19, FP023, FP024, FP028, FP033, FP034, FP037, FP039.

[88] Five projects are reporting on this core indicator using 'actual population as the basis: FP002, FP007, FP019 and FP037.

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Table 5 Illustrative concerns with indicator definitions in the GCF's PMFs

LEVEL OF CATEGORY	RESULT AREA	ADAPTATION INDICATOR	(ILLUSTRATIVE AND NON-EXHAUSTIVE) CONCERN(S) WITH INDICATORS AND ISSUES THAT NEED TO BE ADDRESSED BY INDICATOR 'PROTOCOLS'
Fund level impacts	2.0 Increased resilience of health and well-being and food and water security	2.1 Number of males and females benefitting from introduced health measures to respond to climate-sensitive diseases	How is 'benefit' defined? What will it be compared with? The state of being yesterday, or in the past year? How will project teams identify whether 'benefits' (measured or unmeasured) occurred because of health measures (and not because of a change in an unrelated policy for example)? How will they know that these wouldn't have occurred in the absence of the health measures? How will they ascertain that these were introduced to respond to 'climate-sensitive diseases'? What are 'climate-sensitive diseases' i.e. how will they be identified? What time of the year will this be measured? By whom? How many times? Will they use a self-responding survey or health-clinic data to count the number of males and females? What if the health measures were introduced in a way that is uncorrelated to climate change?
		2.2 Number of food-secure households (in areas/periods at risk of climate change impacts)	What counts as a 'household'? What is meant by food-secure? (Do all members eating under the same roof need to have two meals a day? If so, for how many days does this need to be true for, to be counted as 'food-secure'?) Who decides that an 'area' or a 'period' is at risk of climate change impacts? How is this verified? Who collects this data? When? Using what method? Will it be for the entire targeted population or for a smaller sample? How is the sample selected?
		2.3 Number of males and females with year-round access to reliable and safe water supply despite climate shocks and stresses.	What counts as 'access'? (e.g. What if women have to walk two hours to get to potable water? Does that still count as being 'accessible'?) Do households have to account for every day of the year? What if they didn't have water for a week? Will data be collected through a perception survey? How will data be collected? What counts as 'safe water'? When is this data collected, and by whom, and with what frequency? Who verifies it?

In general, all four Fund-level adaptation *impact* areas are difficult to operationalize and use.[89] As an illustration, in Table 5 we show the approved indicator for Fund level *impact* area in adaptation and discusses concerns. Given the current GCF frameworks, there is a lack of guidance on how to calculate direct beneficiaries. **Overall the GCF RMF and PMFs lack measurement protocols, which typically define the method, how**

[89] These are: Fund-level adaptation *impact* area 1 "increased resilience and enhanced livelihoods of the most vulnerable people, communities and regions"; Fund level *impact* area 2 "increased resilience of health and wellbeing, and food and water security"; impact area 3 "Increased resilience of infrastructure and the built environment to climate change threats" and impact area 4 "Improved resilience of ecosystems and ecosystem services"

data for the indicator is compiled and how it is informed, by whom, with what frequency and unit, and the methods for calculations and reporting. For the adaptation core indicator, the team found that some projects use a variety of units such as communities, dwellings, families or individuals that obstruct aggregation. (In this instance, careful consideration of the units is required to accurately determine the size of such communities, dwellings and families.) Unless there is further guidance and standards that clearly defines these, the units that are used risk to be misleading. Indeed, staff of Accredited Entities in the field emphasized that it was difficult to capture lessons from projects since no guidance or benchmarks are provided on indicators included in the PMF.

Assessment of the mitigation logic model

The mitigation model omits reference to key enabling conditions for a paradigm shift. Figure 2 shows the logic model on mitigation. The logic model was adopted at B.07 and shows how inputs and activities in mitigation projects are translated into results at strategic levels. There are nine result areas selected for mitigation. Out of these, four result areas reflect desired aggregate Fund level *impact*, while the remaining five indicate the *outcome* objectives at *programme or project level*. In the case of the mitigation logic model, *Fund-level impacts* are clearer compared to the adaptation logic model. Outcome areas (6,7,8,9) of the mitigation logic model represent possible pathways to a paradigm shift. However, the mitigation logic model (see Figure 2) refers to only one key condition that is likely to enable the paradigm shift towards low-emission sustainable development: namely outcome 5 ("strengthened institutional and regulatory systems for low-emission planning and development"). No mention is made in the mitigation logic model of other likely necessary conditions for a paradigm shift, such as access to financing, the development of appropriate business models, access to technology, availability of information, or level of awareness. Clearly, there is a need to consider other factors more carefully, such as business models and innovative financial instruments. Currently, the RMF does not guide people to think in that direction.

It is also clear that there is an anticipated relationship between the *outcomes* in the adaptation logic model to *impact*, but these relationships are ill-defined, and in most cases, must consider a holistic consideration of all outcomes for the impacts to be achieved. This is not clarified by the logic model. So, for example, it is not clear whether the "increased generation and use of climate information in decision making" (*outcome* level result area no. 5) is expected to lead to one or more of the fund level *impacts* (increased resilience and livelihoods; increased resilience of health and well-being; increased resilience of infrastructure and/or improved resilience of ecosystems). While we expect these one-to-many mapping of *outcomes* to *impacts* to exist, it's clear that at the outcome level, several other factors will need to come together to achieve even one of the impacts. These relationships are not laid out anywhere. Overall logic models do not ask for implicit *assumptions* in anticipated relationships to be laid out anywhere either.

For several mitigation result areas, the line of causality is inconsistent. For example, *impact* result area for mitigation no. 1 ("reduced emissions through increased low-emission energy access and power generation") has a cause-effect link to project outcome mitigation result area no. 6 ("increased number of small, medium and large low-emission power suppliers"). Yet the increased number of low-emission power suppliers is but one factor affecting access to low-emission energy. Similarly, the Fund-level impact mitigation result area no. 2 ("reduced emissions through increased access to low-emission transport") is related to mitigation project outcome no. 8 ("increased use of low-carbon transport"). Yet the line of

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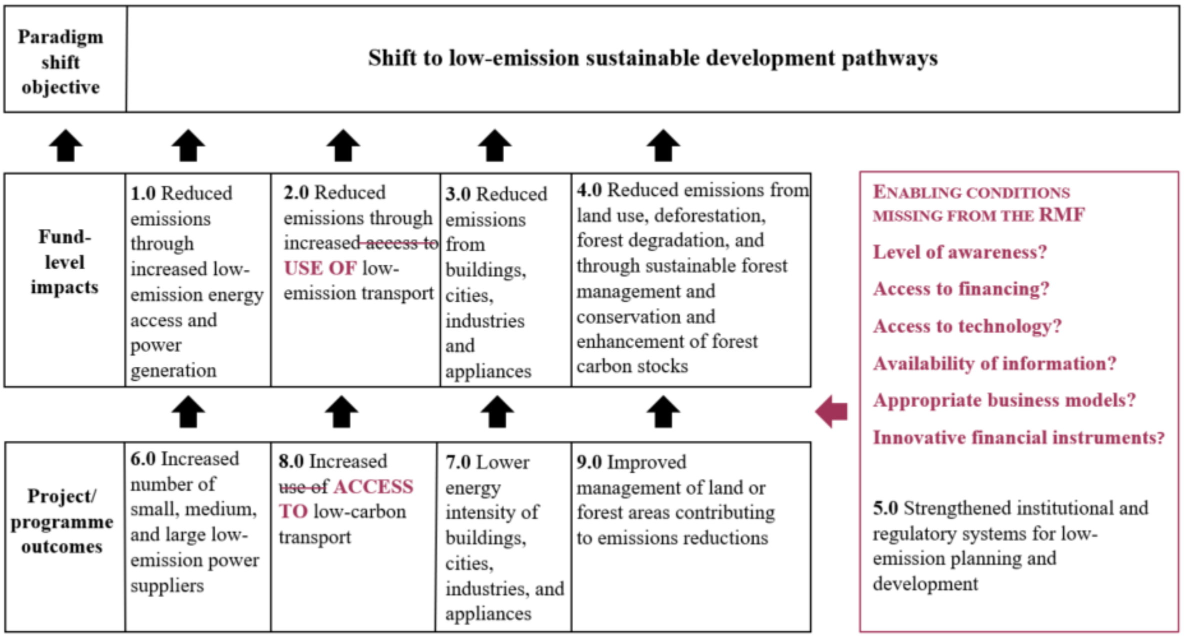
causality would appear to go from the former to the latter.

The Fund-level impact mitigation result area no. 3 ("reduced emissions from buildings, cities, industries and appliances") is related to project mitigation outcome result area no.7 ("lower energy intensity of buildings, cities, industries and appliances"), but the cause-effect relation is not clear. The Fund-level mitigation impact result area no. 4 ("reduced emissions from land use, deforestation, forest degradation, and through sustainable forest management and conservation and enhancement of forest carbon stocks") is linked to a set of five REDD+ project-level outcome results, as seen in Annex I, with specific pathways to reach the intended impact. An important external factor, which has allowed this clarity in the guidance, is that much work has been carried out in the broader academic and development community on how to implement REDD+.

The project-level mitigation result no. 5 ("strengthened institutional and regulatory systems for low-emission planning and development") is not explicitly linked to any of the four Fund-level mitigation impact result areas. Strong institutional and regulatory systems are, however, a necessary condition for the four Fund-level (mitigation) impact results. In this sense, the causality closely resembles the outcome-impact causality link found in the adaptation logical model discussed earlier.

Another example that illustrates gaps in causally linking project/programme outcomes and Fund-level impacts is related to the mitigation core indicator "volume of finance leveraged by Fund funding." Unfortunately, the RMF provides no clear definition of or differentiation between the concepts of leveraging (i.e. resources that are catalysed by the projects) and co-financing (i.e. resources that are raised to implement the projects). Indeed, project proposals show this inconsistency when discussing methods for reporting this core indicator.

Figure 4 Assessment of the mitigation logic model[90]



Source: GCF/B.07/04/ Annex II-III and GCF/B.07/11/, Decision B.07/04

[90] Adapted from GCF/B.07/04/ Annex II-III and GCF/B.07/11/, Decision B.07/04.

There is no clear methodology in the calculation of additional financial resource projections at the planning stage.

The RMF presents a separate results model for the REDD+ financing, through results-based payments. According to the REDD+ logical model the Fund level expected impact is to reduce emissions from land-use deforestation, forest degradation and through sustainable management of forests and conservation, and enhancement of forest carbon stocks. The logical model includes five outcomes that contribute to this fund level impact. All outcomes identified refer to pathways to reduce emissions or to increased removals of CO2 emissions. **As in the case of the broader mitigation logical model, the REDD+ model does not identify the enabling conditions that will contribute to the broader transformation expressed by the paradigm shift objective**.

The analysis of the mitigation core indicators shows that the core indicator on "tons of carbon dioxide equivalent (t Co2eq) reduced" was generally informed through the application of methodologies introduced by the UNFCCC or REDD+ guidelines.[91] For the third core indicator of mitigation, "the cost per t CO2eq decreased", the **methodologies used are not consistent** across the selected projects. When comparing the underlying method of calculating the cost of CO2 decreased, projects use different approaches; e.g. the FP010 project (De-Risking and Scaling Up Investment in Energy-Efficient Building Retrofits), uses the rebound factor and calculates the costs based on the expected lifetime emission reduction over time; and the FP013 project, (Improving the Resilience of Vulnerable Coastal Communities to Climate Change-Related Impacts in Viet Nam), uses the amount reduced or avoided based on biomass increments generated by restoring mangroves, with different biomass increments depending the age of the mangroves.[92] While there is no direct GCF guidance on the calculation of cost of CO2 decreased, the projects have taken different approaches in calculating the costs of CO2 decrease which essentially means that **indicators are not aggregable** because they don't use comparable methodologies, don't specify a standardized (or a standard for calculating the) time period and overall do not specify how 'increases' will be measure i.e. how and which baselines will be used.

Overall, the RMF is composed of three different frameworks, one each for adaptation, mitigation and REDD+, and each follows a different logic of causality both within itself and in relation to the others. This inconsistency in the logical causality in the RMF contributes to the limited utility of this tool for the management of results during the process of project preparation. Figure 3 and Figure 4 summarise some of the above assessments.

Development of logic models: In several early Board documents, there is some discussion on the rationale for the selection of result areas and how these result areas link to one another. At B.05, the Board discussed and addressed the business model framework for the GCF. The meeting background document includes a brief chapter on the purposes of and linkages between the result areas.[93] The document from B.06 contains a progress report on the initial RMF that included some tentative explanations on the logic models.[94] But many of these early documents are buried in over 300 Board decisions and have not

[91] Seven projects are reporting on this core indicator: FP001, FP002, FP005, FP007, FP010, FP013, FP019, FP028 and FP039.
[92] Eight projects are reporting on this core indicator: FP001, FP005, FP010, FP013, FP019, FP028, FP033 and FP039.
[93] GCF/B.05/03.
[94] GCF/B.06/04.

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been fully developed to provide the necessary guidance.

During interviews, the Secretariat staff underscored the **absence of guidance and the confusion it creates**. This was also confirmed by the review team. As an example, a Board decision at the eighth meeting on the RMF enumerates eight impact result areas and their respective menu of indicators without explaining what these would entail to reach and sustain, measure, and report on impact.[95] Additionally, there is no indication of **how these results are linked** to one another or **how they are expected to contribute to the desired paradigm shift**. Also missing are the **assumptions** under which these results are expected to contribute to the desired paradigm shifts and the likely risks that could be encountered in the process.

While the RMF indicates the result areas that the Fund can finance, it lacks internal coherence. Gaps in the causality chains do not provide enough guidance on conditions that projects should set in motion to promote a paradigm shift towards low-emission and climate-resilient sustainable development. Consequently, as we note in the next section, Secretariat specialists typically either use other guidance or develop their own to fill in for the gaps in the RMF.

The Investment Criteria as a complement for the RMF

The review team found that in the absence of consistent and methodological guidance in the RMF, the Secretariat staff either ignored the RMF by instead using *other* Board-approved frameworks for guidance or created their own guidance on the RMF.

One example of an alternative framework that is routinely used by the Secretariat staff is the Investment Framework and its criteria. In design, the Investment Framework and RMF are meant to complement each other. However operationally, the GCF's Investment Framework (IF) has supplanted the RMF because the IF has stronger operational guidance. The IF identifies the six investment criteria (IC) outlined in Table 1. All GCF projects are required to fulfil IF criteria prior to approval.[96] The IF criteria are also used as a checklist to approve the soundness of the proposals. **Yet, the investment criteria also do not provide sufficient guidance for managing for results either.**

Relationship between criteria and result areas: As indicated earlier, the link between the IC and the RMF is primarily in the first investment criterion, i.e. impact potential, which speaks directly to the results expected in the RMF adaptation and mitigation thematic areas. As Table 2 indicates, the impact potential criterion includes among its indicative assessment factors, the core and impact level indicators of the RMF and establishes a connection.[97] The other five investment criteria (paradigm shift, sustainable development, needs of the recipient, country ownership and efficiency and effectiveness) relate to topics that a GCF project proposal is required to address, and several fill in some of the gaps found in the RMF. Specifically, three IF criteria are particularly relevant and address some important gaps in the RMF related to conditions necessary for paradigm change and to the guidance related to the theory of change of projects. These three criteria are discussed below.

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

[95] GCF/B.08/45, Decision B.08/07.
[96] GCF/ B.07/06.
[97] GCF/B.09/23, Decision B.09/05.

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.*".[98] However the other areas of consideration to understand "paradigm shift potential" 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)" are not acknowledged in the guidance provided. 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.[99]

Another investment criterion that fills some of the gaps of the RMF is "needs of the recipient." This criterion requires proposals to indicate how GCF investments are expected to meet the needs of beneficiary countries. By requiring identification and analysis of a "*country's financial, economic, social and institutional needs and the barriers to accessing domestic (public), private and other international sources of climate related finance,*"[100] this criterion also provides guidance on the conditions that projects must address to support paradigm shifts. Importantly though, this underscores that **the RMF (by) itself does not provide any guidance for how needs of recipients should be reflected in the indicators**.

The third investment criterion that also fills in some of the gaps in the RMF is "country ownership." This criterion explicitly links the project results to the country priorities. This criterion requires project proposals to "*outline how the project will help to achieve national development goals and/or climate change policies. Proposals should also reference the degree to which the project is supported by a country's enabling policy and institutional framework or includes policy or institutional changes.*"[101] This criterion also requires proponents to indicate how the NDA for the GCF and the relevant stakeholders were engaged during project preparation.

There is a near consensus among managers and specialists at the Secretariat that there is a **need for more guidance on the impact result areas and on how these are expected to contribute to paradigm shifts**. It is clear that most consider that the investment criteria and the MAF are far more useful tools than the RMF in that they allow the GCF staff to overcome some of the inconsistencies and gaps found in the RMF. However, another critical shortcoming is that **Board documents and frameworks are not linked to one another** and consequently, there is nothing that provides overall pathways in case of divergent advice.

As a consequence, the Secretariat staff have developed their **own division-specific solutions to address gaps and clarify criteria when needed**. Indeed, in many cases, staff have elaborated this guidance without much consultation with other units; this leads to **different and inconsistent messages** to

[98] GCF/B.20/Inf.14, 8.
[99] See for a greater exposition 'Transformational change – the challenge of a brave new world' by J. Puri, IEU Learning paper no. 1, Songdo, South Korea, 2018.
[100] GCF/B.20/Inf.14, 11.
[101] GCF/B.20/Inf.14, 12.

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project proponents and developers. This phenomenon, coupled with the insufficient operational definition of key terms, has resulted in different ways in which the Board guidance is applied across the Secretariat.

As an illustration of different and potentially inconsistent advice, some GCF operational staff think that a non-objection letter (NoL) suffices to meet the country ownership requirement. However, other GCF operational staff require documentation of consultation with the key stakeholders in the country and the identification of key country partners prior to granting the NoL, to verify country ownership. Still, others require that project proposals include a theory of change that indicates how projects are expected to contribute to paradigm shifts in the long run. Other parts of the Secretariat, on the other hand, report that they give priority to the soundness of the financial structuring of the operations above all else. In this case, the climate rationale is examined only once financial criteria have been met. Still, others "handed over" discussion and assessment of climate rationale to other units to examine. In yet another instance, a team considered the methodological approach to green investment eligibility criteria for the Green Finance Catalysing Facility which was developed by the Asian Development Bank.

One consequence of this lack of guidance is that teams define criteria suited to their specific context, training and operations. This leads to the unfortunate consequence that different projects are held to different standards, which are not coherent or consistent within the GCF. Indeed, the NDAs and AE staff consistently referred to **inconsistencies in the guidance** obtained from different people or units within the Secretariat.

To sum up:

Finding 1: The **investment criteria are more focused** guidance than the RMF, on the content and topics that project proposals must include and are not exclusively related to results. These criteria are primarily linked to the RMF through the impact potential criterion, which speaks directly to the core and impact indicators of the RMF. Some investment criteria also complement the RMF by addressing key gaps related to causality chains and necessary conditions to achieve results that complement the guidance provided by the RMF however in all cases, guidance remains insufficient.

Finding 2: The RMF **does not have a clear and consistent causal logic** that can guide projects in the design of operations that in the long term could contribute to a paradigm shift towards low-emission and climate-resilient sustainable development.

Finding 3: The RMF is only used to classify projects by result areas but is otherwise **marginal to the overall process of approval, implementation and management for results in the GCF**. For many potential users of the RMF, the framework is weak because of its omissions, inconsistencies and incompleteness.

Finding 4: There is a **critical lack of guidance, protocols and criteria** for informing indicators in the RMF and PMF. This has led to differences in interpretation of policies regarding results management and have resulted in the use of different standards during project approval.

Finding 5: Critically the RMF does not provide guidance that defines measurements or indicators for the **paradigm-shift objective**. Overall there are still omissions in the overall consideration of key attributes of paradigm-shift that should be corrected. Unclear and inconsistent guidance has led staff to create their own guidance and adopt different standards, leading to **inconsistent and often non-standard advice** provided to the AEs, NDAs and others.

B. Country Ownership

This section on country ownership assesses the extent to which the RMF takes into consideration countries' priorities, builds upon and is sensitive to in-country capacity for monitoring, managing and evaluating GCF investments and delivers high utility to GCF countries. This section elaborates linkages between the RMF and the concept of country ownership. It examines GCF Board documents and evidence from three field visits and examines them in the context of three main areas: country priorities, stakeholder engagement, and monitoring, management and reporting of results.

Ensuring country ownership of the results of GCF projects

Board Decision B.07/04 on the Initial Results Management Framework of the Fund reaffirms Board Decision B.04/04, stating that the Fund will have a strategic focus on climate change mitigation and adaptation and also seek to maximize sustainable development. Board Decision B.04/04 states that "*country ownership will be a core principle of the business model framework of the Fund and that countries will identify their priority result areas in line with their national strategies and plans.*"[102] Beyond this, however, most Board guidance related to country ownership and relevance to countries' sustainable development priorities is found in other Board documents, as discussed below.

The Governing Instrument of the GCF states 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."[103] The Board further elaborated on the concept, indicating that country ownership and a country-driven approach are core principles of the Fund, and also established the functions of the NDAs/focal points.[104] The Board decision established the role of the NDA or focal point in the initial proposal approval process, including the no-objection procedure.[105] Most recently, the Board informational document defined country ownership as "alignment with nationally determined contributions (NDCs), relevant national plans indicator, and/or enabling policy and institutional frameworks."[106]

At B.17, the decision on the "Guidelines for Enhanced Country Ownership and Country Drivenness" enhances this conceptualization further, as "*Country ownership may mean different things in different contexts, quantitative measurement alone of country ownership is unlikely to provide meaningful results.*"[107] However, country ownership, as "*Stakeholder engagement and coordination at the national level, notably between line ministries, is critical for the effective preparation of funding proposals, as well as ongoing monitoring and evaluation after approval.*"[108]

[102] GCF/B.04/17, Decision B.04/04 (b).
[103] FCCC/CP/2011/9/Add.1, Decision 3/CP.17.
[104] GCF/B.04/17, Decision B.04/05 (e), (v).
[105] GCF/B.04/17, Decision B.04/05 (e) (iv),
[106] GCF/B.20/Inf.14, 12.
[107] GCF/B.17/21, Annex XX, 17.
[108] GCF/B.17/21, Annex XX, 13.

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Box 1 Illustrative examples of procedures for stakeholder engagement

In Kenya, the Inter-ministerial Committee for Climate Change (ICFCC) has been set up, and is convened by the GCF NDA. The Committee includes representatives from the private sector and civil society, who are tasked with reviewing and commenting on GCF proposals prior to the granting of NoLs by the NDA. This process was established to ensure the participation of key stakeholders that could assess the relevance and alignment of GCF projects with national plans and policies but also to prevent resource-capture by any one ministry and to coordinate GCF support in a way that ensures that national priorities are addressed.

In Rwanda, the country has employed GCF readiness funds to establish a system and strengthen capacities of the Rwanda Environment Management Authority (REMA), where the NDA is located to ensure that GCF proposals are aligned with national policies. The process for engaging different stakeholders consists of two steps: 1) identifying national priorities in different sectors in ways that are consistent with the National Strategy for Transformation 2018-2024; and 2) establishing a set of procedures that involve key stakeholders in the review of GCF project proposals. Through this process the NDA ensures that every proposal contributes to national priorities, that proposals are not duplicative, and that they are fully owned by the key stakeholders from government, civil society and the private sector.

In Viet Nam, the Ministry for Planning and Investment (MPI) is the central coordinating ministry for official development assistance (ODA), including GCF funds, and leads a comprehensive and intensive two-round consultation process across ministries, before ultimately an approved project can start implementation. The Vietnamese NoL process is driven by a ministerial decree that outlines the required consultation processes, but also makes provision for setting up the required monitoring and reporting systems. In the case of a potential project, an AE proposes a concept note to any ministry directly affected by the proposed project. The ministry addressed will bring forward the concept note (CN) to the MPI. The MPI tests for sufficiency of the CN using the different GCF investment criteria. After completion, the MPI will send the CN to all ministries that could be involved or affected by the project, for comments, as a next step in the inter-ministerial exchange. The comments are consolidated by the MPI and sent back to the AE that proposed the CN. When these comments are addressed, the project can receive the NoL. According to the MPI itself and involved implementing partners, this process can be quite rigorous and long on its own. However, after the Board approves a project, there is a second round of the procedure, where the timeliness and relevance of the now-approved project are again verified by the country before it can receive the "green light" and start implementation.

Source: IEU RMF review country interview matrix

Operationalizing country ownership: Indeed, the concept of country ownership and country drivenness used by the GCF can be found throughout the entire project cycle, beyond the preparation of funding proposals. During the review, the Secretariat staff described the concept of country ownership in a variety of ways, including, but not exclusive to, the following: established focal point in the countries represented by the NDAs; a no-objection letter procedure; established national plans (referring to nationally determined contributions, and national adaptation programmes of action); stakeholder consultations across ministries, civil society and private sector organizations. These components were viewed as minimum criteria to ensure preparation, implementation, and management of projects in countries. Some staff also indicated the importance of ensuring the participation of NDAs in monitoring and reporting processes to ensure continued (country) ownership GCF-funded projects.

These views are consistent with the Board decision taken at B.17 on enhanced country ownership, stating that a "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."[109] Findings from the field visits have mirrored this general understanding in the countries of the importance of consultative processes in the country with all relevant stakeholders, including staff from line ministries and civil society as well as representatives from private sector organizations.

The NDAs interviewed for this review viewed **the RMF as an instrument that provides guidance on the type of investments the Fund finances**. They especially appreciated the flexibility and the inclusion of results related to adaptation, as the focus on adaptation allows for multiple linkages to their national development priorities. For NDAs **the relevance of the RMF is determined by the extent to which it provides a framework to match GCF projects with priorities related to climate change that are identified in country plans and strategies.** During interviews, the conversation on country ownership and relevance quickly turned from the RMF towards the importance of processes for stakeholder involvement, which is a key responsibility for NDAs to ensure the relevance of GCF projects to the national development priorities (see Box 1).

However as is clear from Box 1, four things are important to note: First, 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 RMF 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**. Second, although the RMF is recognized during stakeholder consultation, the potential for using the RMF in *managing* projects, during the post-approval stage, is rarely recognized. Third, **the RMF indicators do not inform and are not informed by national monitoring systems**. Last but not least, **coordinating mechanisms** set up in-country for setting up no objection procedures help in ensuring that GCF projects are aligned with national plans and policies and also preventing resource-capture by any one ministry.

[109] GCF/B.17/21 Annex XX, 14.

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To sum up:

Finding 1: The RMF reaffirms that country ownership is a key principle in Fund operations and is critical to the attainment of results. But the RMF provides no specific guidance regarding responsibilities, roles or processes by which country ownership is to be realized. This guidance is in other Board decisions, which specify that country ownership needs to be assured through various processes during the design, implementation, monitoring and evaluation, and exit stages of a project. This is a principle of key importance that has prompted the countries visited to develop coordinating systems to ensure that GCF projects target results that contribute to their national sustainable development priorities and to ensure that key stakeholders are involved in the consultation processes. A specific missed opportunity is that the **RMF indicators are not linked with national monitoring systems.**

Finding 2: The case study countries have incorporated climate change into their national priorities and strategies. It is very **likely that this incorporation would have occurred** even in the absence of the RMF.

C. Effectiveness

At its fifth meeting, the Board stated that the Fund's results management framework will "enable effective monitoring and evaluation of the outputs, outcomes and impacts of (i) the Fund's investments and portfolio, and the Fund's organizational effectiveness and operational efficiency."[110]

This section of the report addresses the extent to which the RMF guidance is being applied across the GCF portfolio; examines if the RMF is being used for reporting required by the GCF and the extent to which GCF approved projects are incorporating indicators and using it to manage implementation and overall results. It also examines consistency in methods used for informing core impact indicators and analyses conditions associated with low-compliance in reporting RMF indicators.

APRs as a reporting tool for the GCF

The Fund's portfolio is still young and does not allow for a meaningful and comprehensive analysis of actual quality of monitoring and reporting by the AEs: only 31 of the 74 projects of the portfolio are currently under implementation. Of these, 18 projects have submitted their first annual progress reports (APRs). This chapter looks briefly at trends in reporting using evidence from the 18 APRs and 74 proposals for Funded Projects submitted to the Fund.

An analysis of these reports indicates that out of the 31 projects under implementation 16 are adaptation projects, eight are mitigation and seven are cross-cutting. Furthermore, out of the 18 projects that have submitted APRs, 10 are adaptation, five are mitigation and three are cross-cutting projects. Geographically, there are at least two projects in each of the four GCF regions.[111] One project targets climate change in more than one of the GCF regions. The complete list of the 18 projects with annual progress reports can be found in Annex IV.

APRs are a key reporting tool from the AE to GCF. Indeed, once implementation begins, the APRs represent the main conduit through which the AEs may communicate performance and implementation fidelity as well as concerns regarding progress and potential impact to the GCF (see Annex VII for the current APR template). The Board decision at B.11 indicates that the AEs are primarily responsible for the M&E of all funded activities and will report accordingly to the GCF using the APR template. And further, "*contents for APRs should include a narrative report (with supporting data as needed) on implementation progress based on the logical framework submitted in the funding proposal and considerations on the ongoing performance of the project/programme against the GCF investment framework criteria, including updates on the indicators and a report on ESS as well as gender.*"[112] In addition to this, referring to the MAF, the "*report should align with the modalities set out in the GCF results management framework and its performance measurement frameworks for adaptation and mitigation, as amended and updated from time to time.*"[113]

Template and guidance on the APR provided by the GCF: The APR relates directly to the Results Management Framework and the modalities provided by the performance measurement frameworks for adaptation, mitigation and REDD+, as well as the GCF's Investment Framework. The APR template is user-friendly with instructions

[110] GCF/B.05/23 (g) (i).
[111] The GCF classifies projects according to the following four regions: Latin America and the Caribbean, Eastern Europe, Asia-Pacific and Africa.
[112] GCF/B.11/24, Decision B.11/10, Annex I. 13.
[113] GCF/B.11/24, Decision B.11/10, Annex I. 13.

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when required. It consists of six sections, including entries on general project information, implementation progress based on the project logframe indicators, implementation timetable, implementation challenges and lessons learned, financial information, country-specific information and safeguards. The AEs are required to fill out the APR based on the logframe provided in the funding proposal. This is particularly relevant to Section two of the APR, which requests a progress update on the "project indicators of the logic framework" and on the Fund-level core indicators and impact indicators, which directly speak to the impact indicators specified in the RMF. Additionally, the AEs are required to address how their gender and social action plans are progressing and to provide an update on the implementation of ESS including any risks or vulnerabilities that may have been identified over the year. The APR template requests an update on planned activities during the next year. The AEs are also required to provide information on impact indicators and an update on the methods and assumptions they use for each indicator in Section 2.3 of the APR template (see Annex VII).

Operationalizing the APR: Consultations in the field with the AEs and implementing partners confirmed that the APR template is used. However, while all the AEs interviewed had submitted APRs to the GCF Secretariat, the methodologies used to arrive to the information that is reported were heterogeneous across those projects. For example, reporting on *impact*-level indicators for adaptation, "the number of direct/indirect beneficiaries", showed a variety of approaches, caused by the difference in project context and sector affiliation. In an illustrative case in which the project had been in operation for only two years, the AE reported estimates of *potential* impact instead of *actual* progress on impacts.

Effectiveness in tracking allocation of Fund investments, thematic areas and result areas

One goal of the RMF is to enable effective monitoring and evaluation of the Fund's investments.[114] In this subsection, we examine the extent to which the RMF has been used during the project design stage and has informed the selection of impact indicators. This, in turn, will help us to understand the likelihood that AEs will provide relevant and reliable impact information during implementation on the various result areas of the RMF.

One important distinction between the GCF and other funds that address climate change is the stipulation in the Governing instrument indicating that the "*Fund will strive to maximize the impact of its funding for adaptation and mitigation and seek balance between the two.*"[115] Thus, as indicated in Figure 1 and Figure 2, the RMF distinguishes between investments in adaptation and those in mitigation. The Fund also encourages cross-cutting projects that strive for reduced emissions and increased resilience at the same time. To assess the extent to which this guidance in Fund allocation to thematic areas is clear and properly implemented during project design, the IEU carried out an assessment of the funding proposals of the 74 projects that have been approved by the Board as of June 2018.

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

[115] FCCC/CP/2011/9/Add.1, Decision 3/CP.17 Annex.

Figure 5 Entries compared in Section A.1 of the Funding Proposals[116]

A.1.8. Mitigation / adaptation focus	☐ Mitigation ☐ Adaptation ☐ Cross-cutting

A.1.11. Results areas *(mark all that apply)*	
Reduced emissions from:	
☐	Energy access and power generation (E.g. on-grid, micro-grid or off-grid solar, wind, geothermal, etc.)
☐	Low emission transport (E.g. high-speed rail, rapid bus system, etc.)
☐	Buildings, cities and industries and appliances (E.g. new and retrofitted energy-efficient buildings, energy-efficient equipment for companies and supply chain management, etc.)
☐	Forestry and land use (E.g. forest conservation and management, agroforestry, agricultural irrigation, water treatment and management, etc.)
Increased resilience of:	
☐	Most vulnerable people and communities (E.g. mitigation of operational risk associated with climate change – diversification of supply sources and supply chain management, relocation of manufacturing facilities and warehouses, etc.)
☐	Health and well-being, and food and water security (E.g. climate-resilient crops, efficient irrigation systems, etc.)
☐	Infrastructure and built environment (E.g. sea walls, resilient road networks, etc.)
☐	Ecosystem and ecosystem services (E.g. ecosystem conservation and management, ecotourism, etc.)

Source: Green Climate Fund (2015) Funding proposal template, Version 1.1.

Classification into climate sub-themes: The first question the review team examined was whether projects were properly classified into the three themes: adaptation, mitigation, and cross-cutting. This has been verified by comparing two Funding Proposals (FP), as shown in Figure 5 in Section A.1 of the FP template. Entry A.1.8. requires the proposal to indicate the overall *theme* of the project/programme. Entry A.1.11. asks which of the RMF's *impact level result areas* the projects are targeting. We assume that a mitigation project will target one or more mitigation result areas; adaptation proposals will target adaptation result areas; and cross-cutting projects will have at least one targeted result area in each theme. See Annex VI for the complete template of GCF funding proposals.

The assessment found that 72 out of 74 projects passed this initial test. The two outliers were funding proposals FP017 and FP040. FP017, titled "Climate Action and Solar Energy Development Programme in the Tarapaca Region in Chile," self-identifies as a mitigation project, but it also aims to increase the resilience of the most vulnerable people and communities in the region. This makes it a cross-cutting project. FP040, titled "Tajikistan: Scaling up Hydropower Sector Climate Resilience," self-identifies as a cross-cutting project, but does not target any result areas that would result in reduced emissions. This makes it effectively an adaptation project. This is a minor error and can be easily corrected, but it underscores that the Fund needs to ensure basic oversight as it scales up its funding portfolio.

Consistency between targeted areas and logical frameworks: Next, we examined the consistency between *targeted result areas* as articulated in funding proposals and *indicators* in the logic framework of the approved projects. For 74 approved funding

[116] Green Climate Fund (2015) Funding proposal template, Version 1.1.

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proposals, the information in Section A.1.11 (see Figure 5) and Section H.1.1 (see Figure 6) regarding paradigm shift objectives and Fund-level impacts, was examined. It is assumed that all proposals will link at least one indicator in their logical frameworks to the result areas they have self-identified in the proposal. This is reasonable because result areas should reflect the objectives of the project as articulated in the logical framework.

As an aside, during our consultations with the Secretariat, it was discovered that there is no clear guidance on how to weight a project component sufficiently for it to qualify into a result area. Again, this is not unexpected since few organizations provide such guidance. However, given the context of the GCF and the fact that the GCF is likely to support investments that have multiple objectives, it will be important to provide some suggested guidance as the Fund evolves.

Since the RMF and PMF guidelines do not explicitly require projects to demonstrate their results *only* with GCF Board-approved indicators, the assessment also accepted non-GCF impact indicators, as long as each indicator had a logical relationship with the self-selected result area.

The results of this assessment shed light on a more significant issue within the portfolio. Out **of the 74 projects, only 45 projects had indicators that mapped to result areas that they were targeting**. As an example, FP060, titled "Water Sector Resilience Nexus for Sustainability in Barbados," targets energy access and power generation; the increased resilience of the most vulnerable people and communities; and increased resilience of health, water and food security. This cross-cutting project has at least one corresponding impact indicator in its log frame for mitigation, adaptation and seemed to inform three impact result areas, (two in adaptation and one in mitigation).

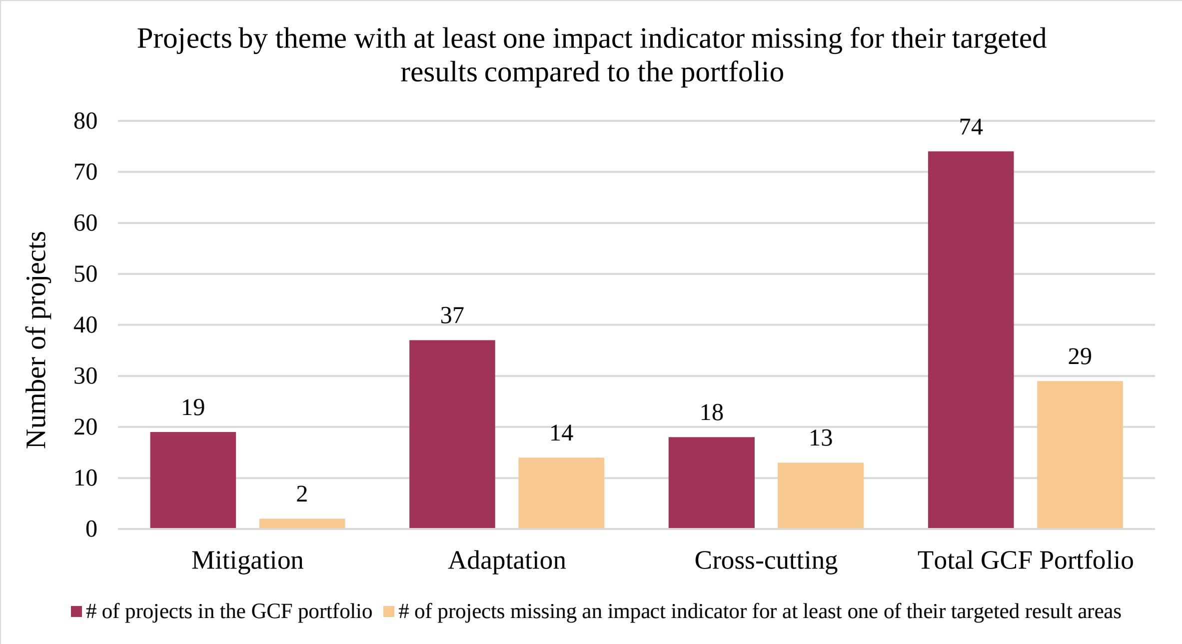
Figure 6 Section H.1.1. of the GCF proposals' logical framework[117]

H.1.1. Paradigm Shift Objectives and Impacts at the Fund level[1]						
Paradigm shift objectives						
Choose appropriate expected result	Please elaborate on the paradigm shift objectives to which the project/programme contributes.					
Expected Result	**Indicator**	**Means of Verification (MoV)**	**Baseline**	**Target**		**Assumptions**
				Mid-term (if applicable)	Final	
Fund-level impacts						
Choose appropriate expected results	*Please select relevant GCF indicators from the Fund's [performance measurement framework]().* *More than one indicator may be selected per expected impact result.*					

Source: Green Climate Fund (2015) funding proposal template, Version 1.1.

[117] Green Climate Fund (2015) funding proposal template, Version 1.1.

Figure 7 Projects by theme with at least one impact indicator missing for their targeted results



Source: IEU database, GCF Funding proposals between November 2015 and March 2018.

On the other hand, 39 per cent of the total number of currently approved GCF did not have an impact indicator in their logframe for *at least one* result area that they were targeting (29 out of the 74 projects).[118] A further breakdown of these 29 projects by theme, shown in Figure 7, shows clearly that cross-cutting projects are most likely to underreport on their results.

Figure 7 shows that 14 out of the 29 projects that had at least one impact indicator missing were adaptation projects. In relative terms though, this issue is **critical for cross-cutting projects**, affecting more than 70 per cent of cross-cutting funding proposals. Mitigation projects, on the other hand, are less prone to this issue. An underlying reason for this can be that mitigation projects, in general, are more focused in their scope, targeting fewer result areas.[119]

It is not possible to differentiate between high- and lower-priority result areas within a single project. In consultations, the Secretariat staff expressed the opinion that weighting result areas could improve the quality of the design of proposals. Several members acknowledged that cross-cutting projects face this difficulty and the provision for prioritization between targeted result areas could help to overcome challenges at the design and pre-approval phase, associated with the unclear division of responsibilities and internal allocation of proposals within the Secretariat's divisions. Given the current structure of the Secretariat, there might also be more incentives to focus on investment criteria which are related to approval of

[118] Even though the above caveat allowed for non-GCF indicators, every project that had a non-GCF impact indicator, also had one from the GCF's PMFs accompanying it.

[119] Of the eight Fund result areas, mitigation projects on average target 1.3 result areas, adaptation projects target 2.4 result areas, while cross-cutting projects target 4.1 result areas.

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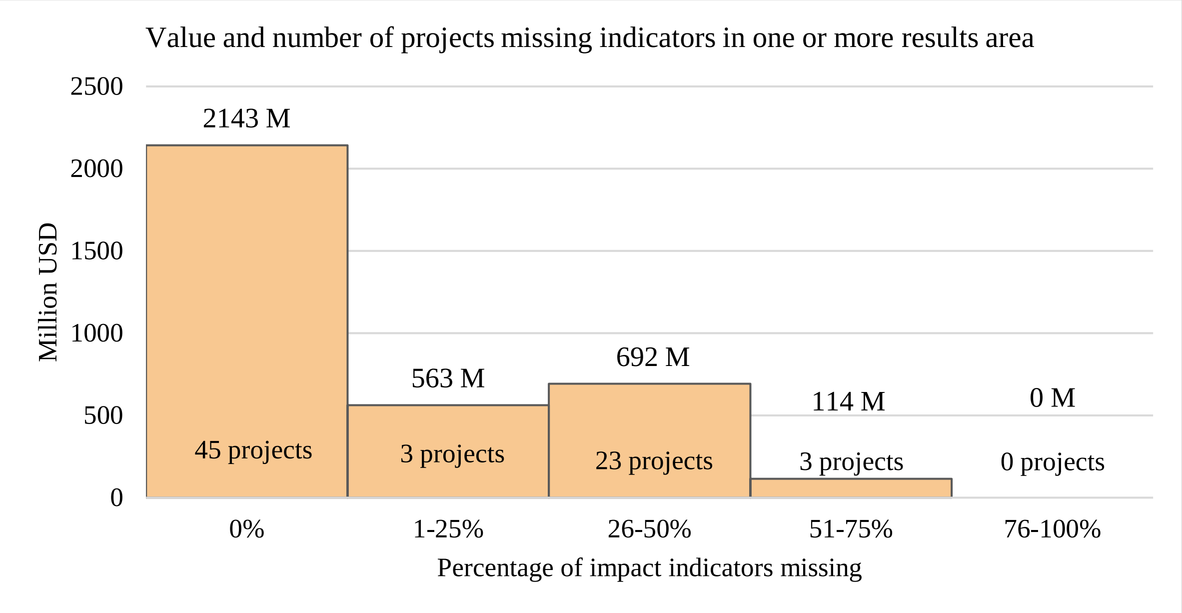
projects than to focus on results management during implementation, in particular in respect to those units within the Secretariat that are primarily responsible for shepherding projects during the preparation phase. This is a structural issue within the design process of projects.

Figure 8 Value and number of projects missing impact indicators as a percentage of the number of areas as indicated in submitted and approved proposals



Source: IEU database, GCF Funding proposals between November 2015 and March 2018, GCF funding (as of 12 September 2018). Notes: The exact USD amounts were calculated by adjusting the approved financing amount with the approved FAA amounts.

To investigate this issue the assessment looked at the ratio of the number of *impact* indicators missing to the number of areas targeted.[120] We counted approved projects that lacked at least one *impact* indicator (as indicated in their log frame) and compared that to the number of impact areas *targeted* in the projects proposals (in Section A of the proposal template). For example, if a project targets energy access and power generation, *and* transport (in Section A of the proposal template) but did not have an impact indicator in its log frame for energy access and power generation, then that project missed 50 per cent of its required impact indicators (1 of 2). We categorized 74 GCF approved projects into four ranges to reflect the number of target areas that had no associated indicators as a percentage of total number of targeted areas in a project (see Figure 8): 1-25 per cent; 26-50 per cent; 51-75 per cent; and 76-100 per cent.[121] So for instance, in Figure 8, the bar in the interval '26-50 per cent' means there were 23 GCF funded projects that had anywhere from one of four indicators missing (25 per cent), to, one of two (50 per cent) indicators missing.

Most projects that miss reporting their *impact* indicators do so in 26-50 per cent of their result areas. Figure 8 confirms that 39 per cent of the GCF's committed USD 3.5 billion worth of investments will not report on at least one indicator. **This means that unless impact indicators are identified for result areas that are now missing them, the Fund**

[120] We applied equal weights (in cross-cutting projects) to both result areas.

[121] The 45 projects that had indicators related to all their target areas in their project proposals are categorized in the 0% bar.

will have results reporting gaps for USD 1.3 billion of its investments, and of these, will have serious information gaps for tracking and reporting impacts of more than USD 800 million of investments. As discussed earlier, this issue is most significant for funded projects that are cross-cutting. Thirteen out of 18 projects were missing at least one impact indicator per targeted result area (see Figure 7). Of these 13 projects, three projects are only considering reporting results on either their mitigation or their adaptation impacts.[122, 123]

Attributes of projects that under-plan for reporting and omit impact indicators: We also examined other attributes of the portfolio such as time of approval, size of project by GCF investment amounts, modality of access, and financial instruments used to understand whether there were systematic attributes that may help the Fund to identify cases where under-reporting and under-planning occurs. Our results are summarized in

Figure 9, Figure 10 and Figure 11.

GCF projects have been approved over seven Board meetings.[124] The review team found that the likelihood of under-planning and omitting impact indicators is **unaffected by the maturity** of the Fund's institutional and policy frameworks. The distribution of the 29 projects that have missing *impact* level indicators remains constant over time.[125] **However, size seems to matter:**

Figure 9 shows that small projects are more likely to miss reporting their impact indicators compared to larger ones. [126] However, in dollar amounts, the investment amounts for

[122] These are: First, FP005, titled "KawiSafi Ventures Fund," is a cross-cutting project aimed at reducing emissions through increased low-emission energy access and power generation, while at the same time increasing resilience and enhancing the livelihoods of the most vulnerable people, communities and regions. However, the project is reporting the impact it has in terms of emission reductions only. While they report on all core indicators, as needed, including the total number of direct/indirect beneficiaries, they do not inform the result area of increased resilience and enhanced livelihoods, mentioned above. The country field visit has shown that the national monitoring system could inform on these results. This issue will be further discussed in the next sections.
Second, FP040, titled "Tajikistan: Scaling Up Hydropower Sector Climate Resilience," has already been mentioned before. The project is classified as cross-cutting; however, it is not targeting any mitigation result areas, nor does it have any impact indicators either to measure emissions reductions. In addition, although its Section A.1.11 indicates that it will target the increased resilience and enhanced livelihoods of people; contribute to increased resilience of health and well-being, or water and food security; and increase the resilience of the infrastructure and the built environment; the proposal is planning to measure the impact of the project in the latter result area only.
Third is FP044, titled "Tina River Hydropower Development Project," which, as opposed to the previous hydro project, is planning to measure only the emissions reductions through increased low-emission energy access and power generation, while not measuring the extent to which the resilience of the infrastructure and built environment has been improved through the project.

[123] Additionally, FP076, titled "Climate-Friendly Agribusiness Value Chains Sector Project," should be highlighted. Even though the project is planning to measure its impact in all its adaptation result areas, and it is also measuring emissions reductions in a way, the project is technically not informing its mitigation area in a robust way. The proposal states that "investing in bio-digesters will also reduce pressure on forest resources for fuel wood, therefore reducing the deforestation rate, while contributing to reducing GHG emissions." But in the log frame, the measured emission reduction would originate from the switch to bio digesters and use of bio-slurry as fertilizer. In fact, the GCF result area that has been named in the log frame is "reduced emissions through waste management and increased low-emission energy access and power generation" and not forestry and land use, as targeted, even though the bio digesters are planned to be used for fertilizing and not for power generation. The project implicitly admits that it is not informing its targeted result area, even though the measurement of causality would technically be possible if additional monitoring provisions were made. All in all, the project might have cross-cutting impact, but the way the monitoring is designed, the mitigation impact will not be robustly measured and its claim for an overall reduction of at least 240,000 tCO2eq (directly) and 3.25 million tCO2eq (indirectly) is currently not sufficiently supported.

[124] The following GCF Board meetings were considered: B.11, B.13, B.14, B.15, B.16, B.18, and B.19.

[125] The rate of projects missing one or more indicators for the selected impact result areas, compared to all the approved projects at that Board meeting, has remained more or less constant over the seven board meetings. The rates were: B.11: 38%; B. 13: 44%; B.14: 22%; B.15: 50%; B.16: 50%; B.18: 27%; B.19: 43%.

[126] Sizes are categorized as micro (up to 10M USD), small (10-50M USD), medium (50-250M USD), and large (more than 250M USD).

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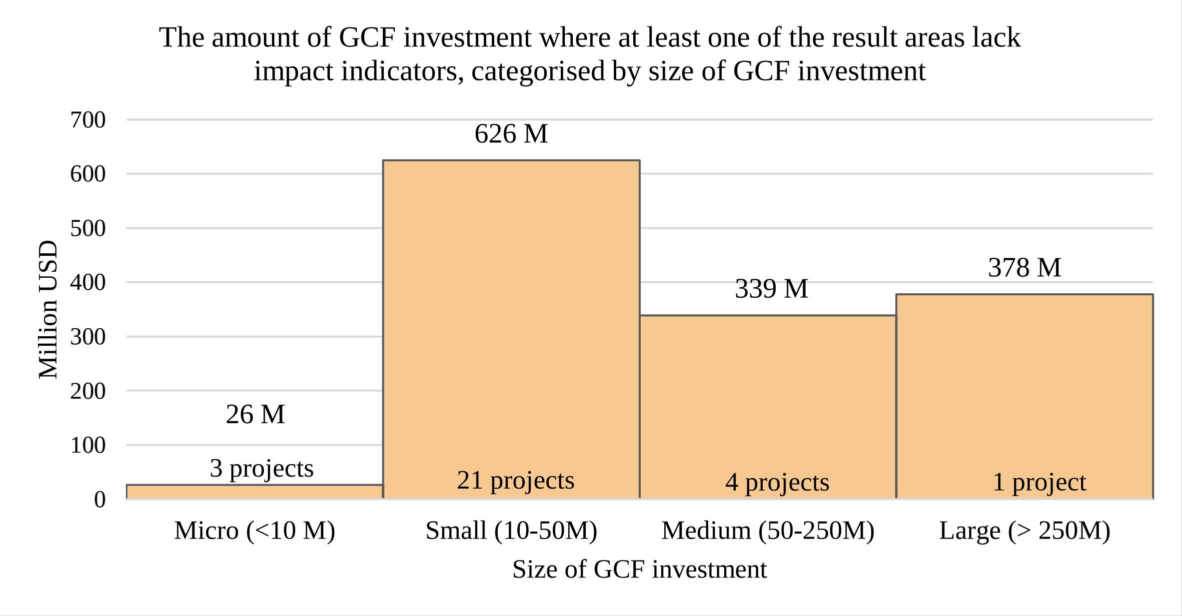
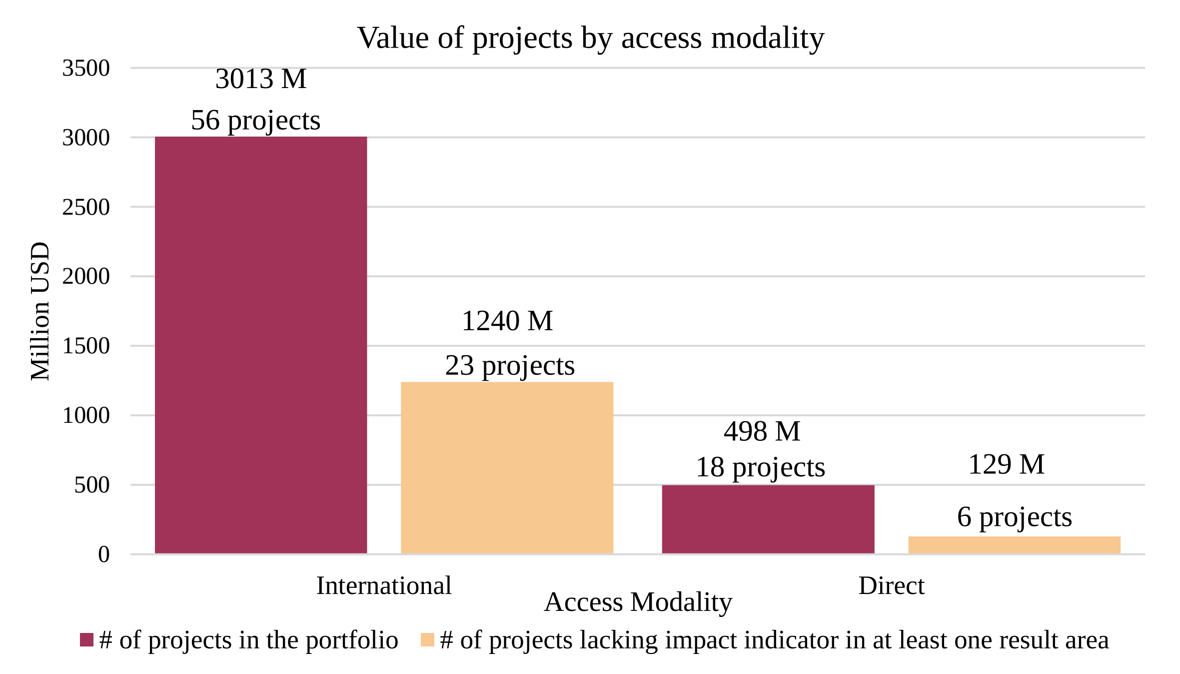
medium and large-sized projects that do not report impact indicators is far greater than the total investments for small size projects that omit impact indicators. **Funding modality seems to matter too.** Figure 11 shows that the ratio of projects with omitted impact indicators is equal across funding types: grant or grant and loan. Larger and international accredited entities tend to be more error-prone. Figure 10 shows that 41 per cent of the projects that omit an impact indicator is implemented by international entities and 34 per cent are implemented by direct access entities. **Clearly (institutional) capacity and policies explain very little of this omission.** As seen in Figure 10, approximately USD 1240 M in committed GCF investments to international accredited entities will not provide information to the GCF in at least one of their targeted result areas. This is compared to six projects, accounting for approximately USD 130 M, for direct access modality. Given the small number of projects in the Fund's portfolio, this should be seen as an emerging trend that requires further investigation. **Finally, adaptation projects are more likely to omit at least one impact indicator, compared to mitigation projects.** One-fifth of the adaptation focused FPs omitted an impact indicator. Within these, most errant cases occur in projects that focus on at least one of the following two adaptation result areas: increased resilience and enhanced livelihood of the most vulnerable people, communities, and regions; and increased resilience of health and well-being, and water and food security. These are, in fact, also two areas where the distinction between climate change resilience and sustainable development is difficult to make and where devising and using indicators is significantly difficult. But this problem is not unique to the GCF. These are two result areas in which the GCF's Board has approved the impact indicators. Even though they are approved, this review shows that a significant proportion of the proposals have difficulty in applying them to their projects.

Figure 9 Projects missing at least one impact indicator, by size of GCF Funded Project



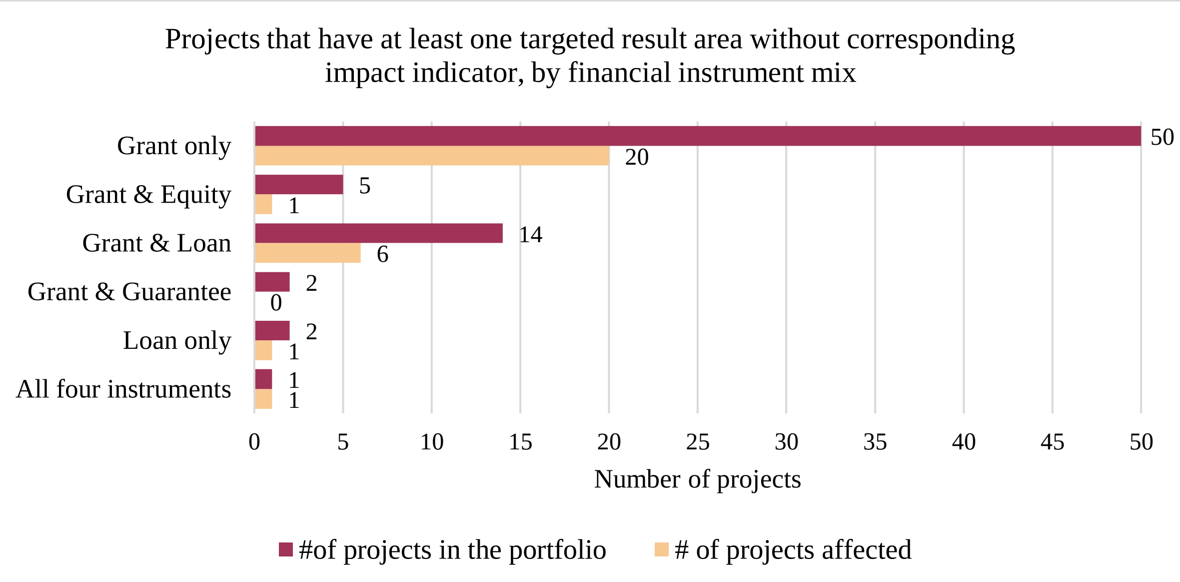
Source: IEU database, GCF Funding proposals between November 2015 and March 2018, GCF funding (as of 12 September 2018). Notes: The exact USD amounts were calculated by adjusting the approved financing amounts with the approved FAA amounts.

Figure 10 Projects missing at least one impact indicator, by access modality



Source: IEU database, GCF Funding proposals between November 2015 and March 2018, GCF funding (as of 12 September 2018). Notes: The exact USD amounts were calculated by adjusting the approved financing amounts with the approved FAA amounts.

Figure 11 Projects missing at least one impact indicator, by financial instrument mix



Source: IEU database, GCF Funding proposals between November 2015 and March 2018, GCF financing for all projects approved; retrieved in July 2018

Likelihood of good reporting in approved GCF projects: The IEU also assessed the evaluability of approved GCF proposals to understand the likelihood of credible and robust reporting of results.[127] The study assessed 74 approved proposals and examined them on several attributes. Key findings were:

Baseline data: Only 14 per cent of the proposals indicated that they would collect baseline data. One-third of Funded Project

[127] Fiala, N., Puri, J., Mwandri, P. (2018).

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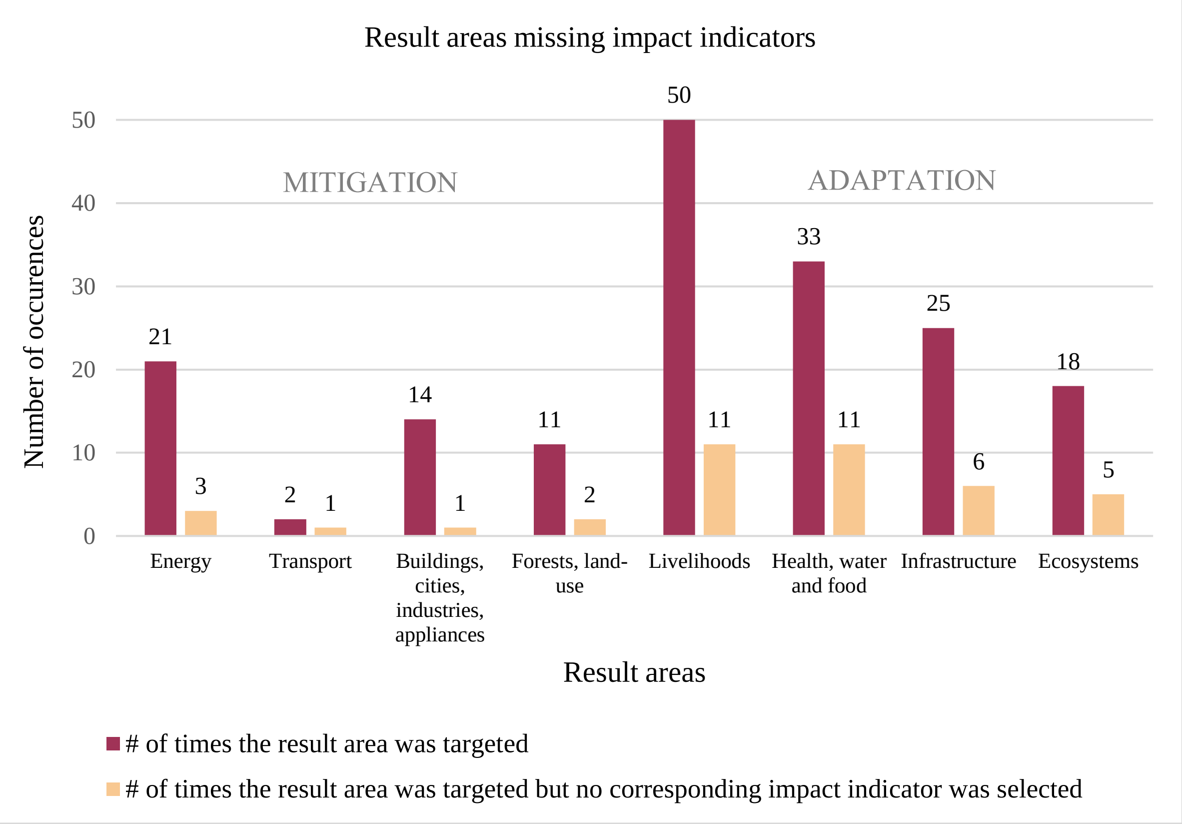
proposals have discussed the possibility for baseline data, but the proposals require some clarification about what information will be collected. The remaining 50 per cent have no plans for baseline data collection on key variables (see Figure 13).

Overall monitoring and evaluation: Three-fourths of approved GCF proposals do discuss a reporting plan for monitoring and evaluation. However, many of these would require further clarification as these discussions usually consist of a skeletal description of basic reporting practices, such as pledges to produce annual reports, but they lack detail on how indicators will be tracked, and how the monitoring efforts will inform future project activities (see Figure 13).

Informing the investment criteria in funding proposals: 74 proposals were assessed on the clarity with which they monitored implementation fidelity, the presence of a well-articulated targeting strategy and the feasibility of measuring and informing progress related to each of the GCF investment criteria. The review found that 46 per cent of the proposals have limitations on how investment criteria are informed, and/or the information level is insufficient to inform them credibly. In more than half (53 per cent) of the proposals, impact potential of the project is discussed but needs significant clarification on how it will be informed, or the information is not enough.

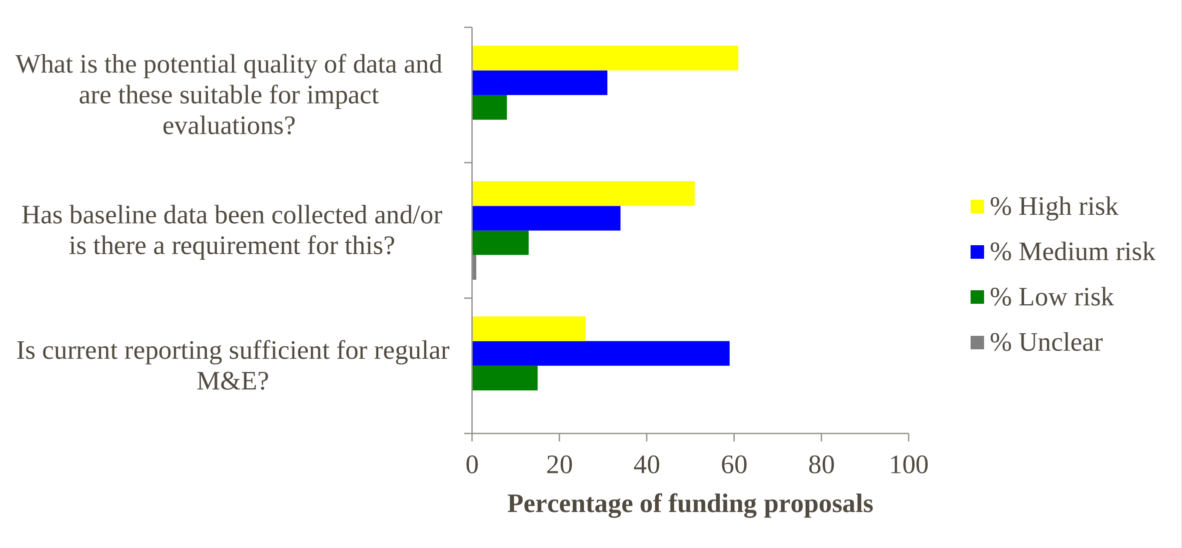
Figure 12 Project missing at least one impact indicator, by result area[128]



Source: IEU database, GCF Funding proposals between November 2015 and March 2018

[128] This table shows each result area, how many times it has been targeted, and how many times an impact indicator has been omitted from the corresponding log frame. As one project can have more than one target area, and most do have more, as detailed previously, the numbers in the figure represent the individual occurrences of the given result areas throughout the portfolio.

Figure 13 Data and Reporting assessment of the Evaluability study[129]



Source: Fiala, N., Puri, J., Mwandri, P. (2018).

Quality of theories of change: The evaluability study also assessed the extent to which there are good implicitly or explicitly stated theories of change articulated in GCF proposals. The good news is that half of the 74 proposals identify and mention unintended consequences and a bit fewer (32 per cent) have well-defined theories of change. On the other hand, 51 per cent of the proposals do not inform their theories of change with good quality evidence (from either other sources or their own formative work) and in 31 per cent of the proposals, causal pathways either are not very well discussed or are unclear. Overall, most proposals have some discussion of an overarching theory of change, but these frequently rely on unverified assumptions regarding potential causal mechanisms.

Aggregation across entities: There is no system in the GCF secretariat that would allow the consolidation and aggregation of reported information across entities, which can help prevent double counting of results. This was also apparent during the country field visits, as co-financed projects have significant reporting requirements toward other financiers. AE staff also felt that linking the GCF's reporting requirements with the Sustainable Development Goals (SDGs) would reduce reporting burden and harmonize efforts, as there is a lot of already ongoing work in all countries related to the SDGs.

Refining the indicators: The GCF Secretariat is well aware of the aforementioned issues, and since the latest Board approval of some parts of the Performance Measurement Frameworks,[130] the Secretariat has endeavoured to further develop the frameworks. The latest informational document[131] placed emphasis on improving the measurement, reporting, and verification approaches for indicators; and proposed revising indicators to make them more coherent with other climate finance organizations. The Secretariat's update presented steps toward clarifying some specific challenges that are identified in this review. It presents a clearer method for the interpretation of leveraged finance for the mitigations core indicator. It also institutes a move from a two-tier to a three-tier system, introducing country level measurement, beyond Fund and project/programme-level. The country level is suggested to focus on climate-related institutional and regulatory systems. In addition, it also points to the need

[129] Fiala, N., Puri, J., Mwandri, P. (2018).
[130] GCF/B.08/45, Annex VIII.
[131] GCF/B.20/Inf.01.

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for improving the definition of the adaptation core indicator. However, this document was not considered by the board.

In this document, the Secretariat has proposed refining the indicators using the lens of complementarity and coherence with other climate finance mechanisms. The need to address the question of **coherence and complementarity across climate finance institutions** was validated during our consultations. The update to the PMFs recommends including some indicators that are also used by other climate finance institutions, such as the Adaptation Fund, the CIF Pilot Program for Climate Resilience, or the CIF Clean Technology Fund. As noted earlier, the development of the indicators has already been an on-going process within the GCF Secretariat. Rightly so, the revision and refinement of the indicators should be a continuous learning process within the Fund in light of accumulating experience and lessons through implementation. This process can further be enhanced through the integration of indicators used elsewhere in the climate finance sector. Doing so will also provide a unique opportunity **for joint learning and** for improvement of global standards by sharing lessons and experience.

Beyond the coordination with other climate finance institutions, the accessibility of remote sensing, big data, global databases and other emerging forms of information **also present new opportunity** to adopt more reliable monitoring approaches that can help overcome the challenges of data collection and aggregation of information across multiple projects, entities and scales. Also, considering that the attention and efforts of project managers are mostly oriented towards the delivery of project activities and outputs, the fund could also explore the use of independent institutions to carry out monitoring. The independent evaluation of a recently concluded UNIDO project also demonstrates the value of hiring independent laboratories to conduct monitoring of project results. Given the high quality of information generated by the monitoring system, the project was able to demonstrate that it greatly surpassed the impact targets.[132]

To sum up:

Finding 1: The RMF provides sufficient guidance for **classifying projects** to the themes of adaptation and mitigation. However, it does not provide sufficient guidance for cross-cutting projects. Seventy per cent of the cross-cutting projects failed to include an impact indicator to report their results, in at least one of their result areas.

Finding 2: The current RMF **does not allow for accurate reporting of GCF funding allocations** to GCF result areas for mitigation and adaptation. This further aggravates the assessment of cross-cutting projects, where the prevalence of their mitigation or their adaptation aspects can be a significant attribute.

Finding 3: Almost **40 per cent of the projects in the GCF's portfolio are missing at least one impact indicator** in their targeted result areas. This means that the Fund runs a risk of having gaps in impact information in almost 40 per cent of its investments so far. In projects funded for a total of USD 1.3 billion, there are likely to be missing impact indicators, with the consequence that the GCF will not know whether key impacts have been achieved for this amount of investment. Of this, gaps are likely to be more severe in USD 800 million dollars of investments.

Finding 4: The assessment of the quality at entry of the 74 funding proposals has shown that there are significant deficiencies in M&E planning across the portfolio. Half of the proposals of Funded Projects have no plans for baseline data collection on key variables;

[132] UNIDO (2018)

an overwhelming majority of the proposals do not have sufficiently well-articulated M&E plans at the approval stage; and in more than half (53 per cent) of the proposals impact potential of the project is discussed but needs significant clarification.

Finding 5: A large proportion of projects reviewed have not made the necessary provisions to ensure impact reporting during project implementation. **The Fund lacks the guidance that can direct the AEs with the design of appropriate monitoring and evaluation systems and methods into the projects. Nor has the Fund established mechanisms to ensure consistency and aggregation of reporting information at the project, country, or portfolio level**.

Finding 6: The Secretariat has taken steps to inform and improve the measurement, reporting and verification approaches to indicators and has revised some indicators in light of the need for coherence with other climate-finance institutions and has endeavoured in further developing the frameworks. However, the document was not considered by the Board, and the previous version of the framework with insufficient guidance remains in effect.

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D. Efficiency

This section addresses the extent to which the RMF has fostered or hindered the wise use of non-monetary resources. The Governing Instrument of the Green Climate Fund indicates that "*the Fund will operate in a transparent and accountable manner guided by efficiency and effectiveness*."[133] We examine the extent to which the RMF contributes to or hinders the wise use of resources in the fulfilment of the GCF's mission. While this chapter examines resource use during the process of identifying project result areas, indicators, and monitoring and reporting, when pertinent, it also looks at how the RMF is affecting the use of resources in other aspects of the GCF's operations.

Roles and responsibilities in monitoring and reporting

The definition of the roles, responsibilities, tools and procedures related to results monitoring and reporting is another key topic for results management that is not sufficiently addressed in the RMF and the Performance Measurement Frameworks (PMFs). Nonetheless, guidance for monitoring and reporting of GCF investments and projects is addressed by the Monitoring Accountability Framework (MAF).

In the Board document of the seventh meeting, the Initial Results Management Framework of the Fund states that "the performance measurement process will require effort from the Secretariat, accredited IEs and intermediaries, and executing entities (EEs)"[134], while also indicating that "upon approval of the initial RMF by the Board, the Secretariat will develop, in consultation with the IEs and intermediaries, a performance-monitoring plan that clarifies the respective roles and responsibilities. IEs will have primary responsibility for reporting on the performance of the Fund-funded interventions on the ground."[135]

The MAF clarifies the respective roles and responsibilities and tools for monitoring and reporting. The AEs are given a central role in monitoring and reporting on projects, the Secretariat is given responsibility for managing the system and reporting to the Board, and the NDAs are made responsible for implementing the country non-objection procedure during project preparation. The NDAs are also expected "*to ensure consistency of funding proposals from national, subnational, regional and international intermediaries and implementing entities with national plans and strategies*."[136] The MAF also indicates the frequency of reporting and that project monitoring would be financed from project funds while agency supervision and reporting would be a cost covered by the fees of the accredited entities.

As these roles have been put into practice important gaps have emerged. For example, while the MAF indicates that the AEs will develop a monitoring framework and the Secretariat will review this framework, **there is no mention of the point in the project cycle when the logframe and the monitoring plan should be presented to the Secretariat.** This omission often results in submissions of project monitoring frameworks late in the project development cycle, leaving too little time to review the project results frameworks prior to the time that project proposals are sent to the Board for approval. At such a late stage, comments on logframes are often only attached as informational documents to proposals, which are often approved without the necessary changes.

[133] FCCC/CP/2011/9/Add.1, Decision 3/CP.17.
[134] GCF/B.07/04, Decision GCF/B.07/11 (8).
[135] GCF/B.07/04, Decision GCF/B.07/11 (8).
[136] GCF/B.04/17, Decision B.04/05 (e) (iii).

Clarity on what needs to be reported on, at what times or frequency, and who is responsible for reporting to whom, is critical for effective monitoring systems. The AEs acknowledged that the RMF was useful to narrow down result areas and identify indicators during project design. **However, during the implementation phase, the monitoring and reporting requirements are unclear. One AE indicated that it is not clear how often reporting of impacts and outcomes is required**. The representatives voiced their confusion related to inconsistencies in the guidance of the RMF and the APRs. The RMF indicates that the GCF is interested in tracking the Fund-level impact and outcome indicators. However, these indicators do not change much from year to year. Therefore, annual reporting on these high-level indicators is not very meaningful. In consequence, APR reporting is highly focused on activity and output-level progress of the project.[137]

The inefficiencies caused by the absence of sufficient definitions and standards and well-defined roles as they relate to the RMF and related Board decisions are not confined just to the interactions among the Secretariat with other partners but spill over to other dimensions of the operations of the GCF. Partners reported **tensions and inefficiencies** when interacting with one another. For example, earlier in this report, there is mention of a case in which an AE, promoting a regional private sector project expressed concern over cumbersome processes to obtain the non-objection letter, a requirement that is meant to ensure country ownership, that appears in many Board decisions since its fourth meeting, and that was referred to by the Board document *Initial Results Management Framework of the Fund*.[138] The AE also indicated that even as they had responded to all the questions, the letter took months or was not forthcoming. In addition to high transaction costs, the AE expressed concerns over losing time-sensitive investment opportunities in a highly competitive and dynamic market.

The NDAs, on the other hand, felt they were fulfilling their responsibility of consultation with the appropriate stakeholders and identifying country partners to ensure ownership of the project. NDAs also complained that they were often presented with urgent requests for non-objection letters by agencies that sometimes considered the process that had been established to grant non-objection letters too burdensome. They also expressed frustration that the AEs were not required to report to them once the NDAs granted the non-objection letter, even though as country representatives they are a key stakeholder in ensuring delivery of results related to country priorities. This case illustrates a situation in which tension is generated by two stakeholders that are seeking to carry out their roles assigned in the RMF and related Board documents. Situations like this require **clear definitions of roles and communication to ensure that both parties' needs in fulfilling their roles are met.**

Risk Management

As indicated earlier, risk management is also a key function to ensure the achievement of results. Yet it is also an area on which the RMF is silent. Risk management of GCF operations instead can be found in the Risk Management Framework. Despite the high relevance of risk management to the achievement of results, this framework does not mention or speak to the RMF or vice versa.

The Fund's risk management framework has three components. The first consists of an

[137] The GEF faced the same situation some years ago and resolved to require impact and outcome indicators only at project midterm and project completion.

[138] GCF/B.07/04.

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early warning system based on risk flags, which is supposed to reflect the Secretariat's assessments of risk for the project, and the performance of the AE. AE-related risks are also assessed every five years at the time of the accreditation review. Project risks are reported annually under section 2.5 of the APR referring to challenges and lessons. This is a self-assessment system in which the AEs identify relevant risks from a menu of ten types of risks.[139] Since this is a voluntary system, the AEs choose how many and which risk flags they report on. However, the intensity or severity of risk is not reported on. This report is reviewed by a Secretariat staff member, who typically follows up with a phone conversation to verify the report and who compiles the information and reports to the Board.

As discussed earlier, the second mechanism for risk management in the risk management framework is based on the COSO model of risk management, which is centred on the three lines or levels of responsibilities that organizations should have to properly manage risk. The COSO model is flexible; it assumes that the appropriate distribution of responsibilities will vary depending on the characteristics and business models of the organization. Yet, once responsibilities are clearly delineated across the organization and when the organization has properly structured the three lines, and they operate effectively, there should be no gaps in coverage and no unnecessary duplication of effort. Thus, risk and control can be more effectively managed.[140] On reviewing these documents, the review team **found potential risks associated with the discussion of the risk management** structure of the GCF. This is mainly related to the fact that in its design the COSO framework requires that an independent office provide the 'third level of defence' to assure that units and offices in the organization that own the risk and oversee them (the first and the second line of defence respectively), are indeed undertaking their tasks as required. However, in the risk management framework that has been currently adopted by GCF, the need for an independent presence is ignored and instead the Office of Internal Audit (that is located within the Secretariat) and reports directly to the Executive Director is tasked with this responsibility.

Furthermore, the application of the COSO model in the Fund has faced challenges stemming from the Fund's business model, which depends on other organizations for the actual development and implementation of projects. This is a risk inherent in the Risk Management Framework that has been acknowledged by a Board decision: "*An AE's lack of ability or willingness to meet GCF's expectations is a key source of investment risk. However, the management approach for this risk inherent to the AE is not described by this policy. This management approach is addressed in the Risk Checklist for Accreditation, Guiding Framework and Procedures for Accrediting National, Regional, and International Implementing Entities and Intermediaries, individual Accreditation Master Agreements (AMAs) and Funded Activity Agreements (FAAs).*"[141] This challenge is compounded by the need to consider the risks associated with the different types of Fund operations (grants, loans, guarantees, equity investments, etc.). Given these differences, it is likely that the framework will need to incorporate flexibility to accommodate the different risks implied in the different types of operations and not adopt a one-size-fits-all approach.

The Risk Management Framework as it now stands covers the risk management responsibilities for the Secretariat and the

[139] The 10 categories of risks identified are: implementation, legal, financial, environmental/social, political, procurement, other, AML/CFT, sanctions, prohibited practices.

[140] Institute of Internal Auditors (2015).

[141] GCF/B.19/43, Annex IV, 4. (e) (iii).

AEs. It is silent on the role and responsibilities for the implementing entities (IEs). The current thinking in the Fund is that it is up to the AEs to identify the appropriate IE to implement projects, but the IEs are the true front-line entities within the GCF business model who have the role of project implementation. Experienced members of other organizations, such as the GEF, have pointed out the need to separate these two functions.[142] They indicate that there are risks that can affect operations, such as a potential conflict of interest when the AE adopts also an IE role. Yet, the fund has not produced any guidance on the distinction of roles, responsibilities and firewalls between the AEs and IEs.

The third aspect of risk management in the Fund is the accreditation process. The accreditation process certifies entities and organizations as having the capacity to carry out the AE functions. This review did not examine the results of the accreditation process in-depth, but there is evidence that there are important deficiencies in project preparation related to the identification of indicators and the planning for M&E for results, which might stem from deficiencies in entities that have been accredited, **suggesting potential deficiencies in the accreditation process**. However, what also emerges from earlier analyses in this review is that the current quality of proposals and plans for reporting are clearly 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. **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.** Another factor to consider, also identified in this review, is the need for the Fund to better communicate requirements and expectations to partner organizations.

Communicating the RMF and M&E policies

The earlier section on relevance and coherence indicates how the RMF lacks a clear and consistent causal logic that can guide projects in the design of operations that in the long run contribute to a paradigm shift to low-emission and climate-resilient sustainable development pathways. That section also indicated how the guidance to develop projects that contribute to paradigm shifts is scattered in several Board documents. This lack of clarity has resulted in frequent queries from the AEs and NDAs to the Secretariat. The interviewed NDAs and AEs were unanimous in reporting that it takes months and multiple reminders to get query replies from the Secretariat, some of which are related to the clarification of concepts, requirements, lack of standards and roles related to the RMF. But they also reported that once the Secretariat staff responded, they could be very helpful.

Training, capacity building and support for entities: The Board document from B.07, the Initial Results Management Framework of the Fund, also indicates that "*systems should be put in place to support the Fund's staff, IEs, intermediaries, EEs, national designated authorities and focal points with guidance, coaching, training, and online toolkits and templates*"[143] to facilitate the implementation of the RMF. The Secretariat of the GCF made available a Handbook with the Decisions, Policies and Frameworks agreed to by the Board of the GCF. The GCF Secretariat also launched, in June 2018, an internal Operations Manual for the project and programme lifecycle. **These are important resources** that will help navigate the over 395 Board-agreed decisions and policy

[142] GEF Council (2010); GEF Council (2011).

[143] GCF/B.07/04, 23.

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frameworks to guide the Fund's operation, among which there are several related to results management and monitoring and reporting. The Secretariat is also implementing **the readiness program,** which is expected to, among other things, provide support for country capacity development activities to help countries better understand results management tools, requirements and responsibilities in the Fund. Yet as presented in the next section the gaps in guidance and the lack of clarity in concepts and roles regarding the RMF will most likely continue to require frequent consultations from the AEs and NDAs with different units of the Secretariat.

The Board document on the Initial Monitoring and Accountability Framework for Accredited Entities also provides guidance on roles and responsibilities related to monitoring and reporting of results and on tools that the funds should use to ensure efficiency in monitoring, aggregation of information and reporting.[144] It indicates that "*the GCF will be likely receiving large volumes of information from project-level and AE-level reporting, it is therefore important that appropriate business intelligence tools that automatize and manage efficiently information are developed.*"[145] The accompanying Board decision specifically indicated that an integrated online platform should be developed that would include a "***portfolio management system*** *to allow the Secretariat to capture all documents in the cycle from accreditation of an AE right through to the most recent project reports and interim/final evaluations, including a real-time database of risk flags, searchable by AE and by project/programme. This system will integrate the monitoring and reporting toolkits that allow the AEs to report online time-based reports (such as the APRs and project/programme indicators as reported in the funding proposal) and any event-based report.*"[146] The Secretariat is still developing such a system.

During field missions for this review, the AEs and NDAs also suggested online management systems that would confirm receipt of reports and proposals and provide insights on the processing, to be able to assist effectively if additional information was needed. In addition to this, entities currently applying for accreditation by the GCF raised similar concerns.

The NDAs' role during project implementation

Some AEs believed that the role of the NDA needs to be better defined and strengthened and that the GCF should help the NDAs build their capacities to meet the roles they are given in results monitoring (and potentially other roles not directly related to results management such as interagency coordination). The NDAs in the three countries visited also reported that while they have a responsibility for ensuring that projects conform with country's priorities (this is to say that projects are structured to deliver results that contribute to the country sustainable development priorities) and that country ownership had been sufficiently developed during preparation, the **NDAs have no additional role during the project cycle** after they provide the NoL to the AEs. While the country, represented through the NDA, is a key stakeholder concerned with the delivery of results, the GCF has not produced guidance for its role beyond granting NoLs. **This has become a source of confusion and tension between the NDAs and AEs; it represents a loss of opportunity to improve coordination, build country capacities for climate change monitoring and ensure good monitoring at the country level.**

[144] GCF/B.11/05.
[145] GCF/B.11/05, 34.
[146] GCF/B.11/24, Decision B.11/10/ Annex I/ 36. (a).

Linking project M&E with national monitoring and reporting systems

One way to link the GCF RMF with the country results monitoring systems is to work with other key stakeholders to harmonize climate change indicators with the SDG targets defined by the country stakeholders. Given the large size of the projects of the GCF, the SDGs present a good international framework to integrate the RMF and build more synergies across reporting requirements at the country level. **Indeed, standalone results frameworks that do not connect to the SDGs are an additional burden at project and country level.** Since more attention is given to the SDGs, the information produced by these standalone systems is likely to be of limited use to the countries. This represents an opportunity for the RMF. There are also opportunities to link with the national monitoring systems that countries are putting in place as a way to ensure the sustainability of monitoring for the long-term impacts of GCF projects. Indeed, the NDAs that were interviewed for this review reported that their countries have developed and are implementing monitoring systems that address specific country needs but that can also be useful to trace and measure impacts of GCF intervention. To ensure that the projects that are implemented within their territory will indeed contribute to their national targets, the GCF monitoring and reporting need to be linked with the national monitoring and reporting systems.

Some views from the field: In one country that the IEU team visited, the ministerial decree guiding the NOL process also scrutinizes whether the required monitoring and reporting systems have been set up. It outlines the requirements for the AEs regarding the reporting to the implementing ministries, which takes place on a regular basis, some parts of the implementing entities are in daily contact with the AE. However, these interactions with the NDA office are currently not required by the GCF, and the NDA has also voiced its frustration with the way the annual reporting between the AE and GCF is arranged. The NDA felt that they are not sufficiently informed and "should be at least copied on the emails" in some of these important communications between the AE and GCF. This was also echoed in the other two countries where the reporting from the AE to the country representatives/NDA is infrequent and insufficient to inform their national reporting towards their own targets, and the countries lack the processes to enforce it. The NDAs echoed the message that they would like the country to be more informed about the project's reporting – not only annual reporting but general reporting and communication of such between the AE and GCF.

An example of national monitoring and performance tracking systems is provided by Kenya. The mainstreaming of climate finance accountability in country planning and budgeting through the Integrated Financial Management Information System has been a central element of this process. For example, using this system, the NDA can track the number of deaths of livestock in rural areas, which in turn is informed by the Ministry of Agriculture and the National Bureau of Statistics, and is used as a proxy indicator for increased resilience and enhanced livelihoods in the target areas of GCF projects. This system of gathering and reporting data on an important resilience indicator, reaching all the way to village level, can provide reliable information of extreme weather occurrences and over time help to inform disaster risk management and climate change resilience. If cattle mortality proves to be a good indicator of resilience, and evidence seems to indicate that it is, then the GCF, in turn, can learn from these local and national experiences. Such information independently generated from GCF projects is likely to be highly valuable for monitoring, measuring and evaluating the long-term impacts of GCF interventions in the region.

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However, considering the insufficient guidance provided by the GCF on the linking of national and AE monitoring systems, the AEs are not planning on harnessing this available system to assess and measure the impacts of GCF interventions. Nor can this information be reported to the GCF, given the current structure of reporting. It is important to note that Kenya has also developed over several years a cadre of 400 *green champions* who support this process by working closely with municipalities to improve the quality of monitoring and reporting, which indicates a strong commitment by the government to establish a robust system. This is system capacity that the GCF can leverage but is currently a missed opportunity.

Similarly, in Rwanda, the NDA is setting up a monitoring and reporting system that will track the results of development and climate projects using a variety of methods and tools, including remote sensing. The monitoring system set up by Acumen's Lean Data and the information regularly gathered by BBoxx, a company that benefits from GCF finance and that promotes solar home systems, could provide valuable lessons to inform the system that the Rwanda Environmental Management Authority (REMA) is developing. BBoxx could also provide some of the georeferenced information REMA seeks to obtain. However, the GCF so far does not require the AEs to report to the NDAs. Hence, countries' agencies are not always aware of the existence of these information systems nor of the information generated by these GCF projects.

To sum up:

Finding 1: The absence of guidance and the lack of clarity in roles related to operationalizing the RMF have contributed to **higher transaction costs within** the Fund, and among the Fund's partner institutions.

Finding 2: While the *Monitoring Accountability Framework* provides guidance on the respective tools and roles and responsibilities in monitoring and reporting, in practice some **important guidance gaps have emerged with regard to the timing of submission of indicators and logical frameworks** to the Secretariat during project preparation and regarding the role of NDAs during project implementation, specifically in reporting performance and managing for results. Also, while the RMF places emphasis on reporting impact- and outcome-level indicators, the current emphasis on APR reporting is on reporting on inputs and outputs which is unlikely to provide the GCF with the robust impact measurement required to inform its institutional impact.

Finding 3: Several countries have developed or are in the process of developing monitoring systems linked to the SDGs to track indicators referring to various aspects of climate change, such as indicators of resilience. Despite the high relevance of these country systems to the sustainability of long-term monitoring of GCF investments, **projects are not linking to these country systems**. This represents a lost opportunity to contribute to the strengthening of climate change-related monitoring systems that are likely to persist long after the project ends.

Finding 4: The Fund has mechanisms to address risk. However, there are some inconsistencies in it. It is too early to assess the extent to which the risk flags system is working. **The implementation of the risk management framework is facing challenges related to the business model of the Fund that depends on other organizations 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.

E. Gender Equity

In this section, we assess the extent to which the RMF is gender-sensitive and captures gender-disaggregated information, including priorities, processes and impacts. The Fund's Governing Instrument states that the Fund, while striving to maximize the impact of its funding for adaptation and mitigation, will also be *"promoting environmental, social, economic and development co-benefits and taking a gender-sensitive approach."* [147]

The Fund's gender policy has laid the foundations to build gender-sensitivity into project implementation processes, as well as output, outcome, and impact measurements. The Board adopted in 2015, at its ninth meeting, the GCF's gender policy and action plan for 2015-2017. The policy laid out the clear commitment of the Fund to *"measure the outcomes and impacts of its activities on women and men's resilience to climate change."*[148] The action plan accompanying the policy also outlined six priority areas to implement the gender policy, one of which is *the "outputs, outcomes, and impact indicators for monitoring and reporting purposes."*[149] In this area, it has proposed a way forward to build a system to assess the gender sensitivity of individual proposals and the portfolio. The approach presented incorporated gender-aspects related to individual project outcomes or impacts, as well as to the projects' implementation arrangements.

A supplementary guiding manual was developed to provide important conceptual and operational guidance for the mainstreaming of gender into GCF projects. In August 2017, a practical manual was published by the GCF, in collaboration with UN Women, which provides support for the mainstreaming of gender in GCF projects.[150]

This gender toolkit serves as a key resource for the further clarification of the conceptualisation and the measurement of the GCF's gender-sensitive approach. The decisions accompanying both the RMF and the PMFs at B.07[151] and B.08[152] respectively, both outlined the need for further development of the gender-sensitive approach of these frameworks, acknowledging that the gender-related provisions at the approval of the RMF and the PMFs were insufficient.

The toolkit fills in this gap by providing guidance on a number of issues. First, it lays out a three-pronged approach to guide the project proposal formulation phase. This includes guidelines and procedures for (i) a gender analysis of the project context and the potential gender-sensitive development impact opportunities; (ii) a gender-action plan covering gender-responsive activities, performance indicators, and targets; and (iii) building a gender-sensitive M&E framework. Second, the GCF gender toolkit also provides guidance for projects to identify vulnerabilities to climate risk, and capacities for change for each of the Fund's eight impact level result areas. These guidelines provide clarity, not only for projects to identify their gender components, but it also provides clarity for stakeholders on how the GCF understands the role of gender in its paradigm-shifting approach towards climate change. Furthermore, to support the building of a gender-sensitive M&E framework, the toolkit provides guidelines for making the GCF's outcome and impact indicators gender-responsive, for both adaptation and mitigation.

Through the proposed new gender policy, the GCF secretariat is moving towards addressing

[147] GCF/B.09/23/ Annex XIII, 8. (c).
[148] GCF/B.09/23/ Annex XIII, 8. (c).
[149] GCF.B.09/23/ Annex XIV/ IV.
[150] GCF (2017) Mainstreaming Gender in Green Climate Fund Projects.
[151] GCF/B.07/11/ Decision B.07/04 (j)
[152] GCF/B.08/45/ Decision B.08/07 (d).

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some guidance gaps in the Fund's operations for managing for results. After the end of the 2015-2017 period of the gender action plan, the GCF Secretariat has continued its efforts to develop an update to the gender policy, as well as an action plan for its implementation between 2018 and 2020.[153] With the new (updated) policy, which was not yet approved by the GCF Board, one of the Secretariat's primary aims was to make the gender assessments and the development of gender action plans a requirement for projects.[154]

In terms of managing for results, however, another key component introduced by the accompanying implementation plan for the new gender policy is the initial formulation of aggregate, portfolio-level indicators, such as "the number of projects where women and men report improvements in their quality of life", or "the number of projects that demonstrate increased adaptive capacity of women and men". The development of these indicators is currently missing and would provide a better sense for how project-specific outcome and impact indicators will be aggregated to provide meaningful measures of the Fund's gender-related achievements.

The Fund's policies and guidelines set in place for improving its gender-sensitive approach are still nascent, and it is too early to assess whether the efforts have led to meaningful gender-related impacts on the ground. However, what can be clearly seen from the available information is that projects are more successful at planning for gender-related impacts. So far, out of the 74, 60 projects have carried out a gender assessment, and 57 have submitted a gender action plan either during their project preparation phase or following project approval. More specifically, projects that were approved during the implementation phase of the Fund's gender policy, in almost all cases have developed gender assessments and action plans. In these terms, earlier projects are the ones that seem to be lagging a bit more behind. It can also be noted that the number of gendered indicators included at the planning stage into the log frames of funding proposals also shows an increasing tendency. The projects approved in the first round, at B.11, contained less than one gender disaggregated indicator per project on average, while the projects approved at B.19, in the latest round of project approvals, contained more than two gender disaggregated indicators per project.[155]

In fact, proposals that might not have gender-sensitive indicators included in their log frames at project approval might still end up reporting on gender-related outputs and outcomes. For instance, the KawaSafi Ventures Fund project had not planned for gender-disaggregated reporting in its log frame in the funding proposal. However, after the Board approval, the legally binding funded activity agreement required the inclusion of specific gender-related targets and annual reporting requirements. Accordingly, in its first annual progress report, the project did report on the indicators that were put in place post-approval. This example demonstrates that gender-sensitivity is treated as a high priority within the GCF Secretariat. However, since the project does not have established its own gender action plan at the project level, gender-related outcomes are not captured in the gender relevant section of the APR; instead, the AE is reporting on gender results in the project-level outcome and output level in the log frame update. Currently, the RMF does not provide reporting standards to ensure the integrated and efficient reporting of gender results.

153 GCF/B.20/07
154 GCF/B.20/07
155 Funding proposals were approved through seven Board meetings as of September 2018. The average number of indicators per funding proposal evolved in the following way through the Board meetings: B.11: 0.75; B.13: 1.33; B.14: 1.56; B.15: 1; B.16: 1.25; B18: 1.63; B.19: 2.3.

Finding 1: The Secretariat has started to develop some of the key elements necessary for building a sound system for the reporting, monitoring, and evaluation of gender-related aspects of the Fund's portfolio. It is addressing portfolio-level aggregation, the conceptualisation of gender-aspects in its result areas and developing the gender-sensitivity of its current indicators. At its current stage, the GCF's gender action plan, gender toolkit and policy are not integrated into the GCF's RMF beyond the design of gender-sensitive reporting. The RMF does not provide further guidance to ensure gender M&E as suggested by the GCF gender toolkit. The necessary further development of the PMFs and the RMF will need to ensure that these already existing systems for gender are given due consideration, especially, to ensure the efficiency of the Fund operations and that the reporting and monitoring systems are developed comprehensively, without the doubling of efforts.

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V. CONCLUSIONS AND RECOMMENDATIONS

The conclusions and recommendations of the independent review of the GCF's RMF are as follows:

The RMF provides guidance on the **result areas that projects should target**. It is also **flexible and requires a reasonable number of impact and outcome indicators**. The instrument of the Fund mandates that Fund resources be equally split by half between adaptation and mitigation. The RMF has helped to communicate to stakeholders that these are the two thematic areas in which the Fund finances projects. The RMF also identifies eight Fund impact result areas to guide project design and account for portfolio results, four in adaptation and four in mitigation. Also, the RMF presents a flexible menu of core, impact and outcome indicators corresponding to the different result areas.

Despite this, there are some challenges inherent in the design and use of the RMF. Key challenges and recommendations are summarized here.

***Challenge 1:* The RMF lacks internal coherence and lacks clarity on key concepts**. It provides insufficient guidance on how in the long run project outcomes are expected to contribute to a paradigm shift towards low-emission and climate-resilient sustainable development.

The logical models of the Fund are built differently from each other and have flaws. The logic model for adaptation emphasizes enabling conditions for a paradigm shift and neglects to mention technology, financial and business models and the potential contributions of the private sector. The RMF also lacks clarity in distinction and linkages between climate-resilient activities and regular development work. Also, the core adaptation indicator refers to the number of beneficiaries but does not sufficiently capture the purpose of the thematic area, which is to achieve climate-resilient sustainable development. The mitigation model highlights change pathways and omits reference to critical enabling conditions for a paradigm shift. It also does not define its core indicators sufficiently. Gaps in the chains of causality and lack of clarity on key concepts prevent the RMF from providing sufficient guidance for staff of the Secretariat.

Recommendation 1a: The Secretariat should develop, **theories of change** for its support to the adaptation, mitigation, and REDD+[156] thematic areas. These theories of change should clearly define what is meant by the paradigm shifts to low carbon resilient sustainable development and should outline a framework that identifies enabling conditions to a paradigm shift, mechanisms for the broader adoption and expansion of change and the assumptions made during the process. Besides this, the Secretariat should address the lack of definition of paradigm shift potential as the key objective of the Fund.

Recommendation 1b: The GCF **should require that proposals, *early* in preparation, develop a theory of change and log frame** that is well integrated into the project proposal. These theories of change should explain how the project outcomes are expected to contribute to the conditions that will lead to the intended paradigm shift. The key assumptions made in the process should be stated.

***Challenge 2:* There is no guidance on measuring and reporting the RMF indicators in the GCF.** Different units in the Secretariat have compensated for gaps, lack of clarity of criteria and scattered guidance by developing their own guidance which has led to inconsistent messages to partners.

[156] The REDD+ thematic area addresses in particular the results-based payments framework.

Consequently, Divisions and Units in the Secretariat have drawn on the other policy documents related to results management for project preparation and more specifically. The policy documents most typically used are the Investment Framework (IF) and the Monitoring and Accountability Framework (MAF) and the Risk Management Framework. Units have also interpreted and operationalized these other policies in specific ways. While this has helped to tailor guidance to particular operations, units have developed these guidelines mostly in isolation. **This has led to different and inconsistent messages to project proponents and developers.** This phenomenon, coupled with the **insufficient operational definition of key terms**, has resulted in different ways in which Board guidance is applied across the GCF. Thus, AEs must meet different requirements depending on the unit in the Secretariat they are dealing with.

Beyond the three Board-approved frameworks, many of the missing elements for consistent **guidance for project design are found among more than 360 Board decisions**, information documents, and strategies adopted by the Fund.

It also remains difficult to distinguish between investments to adaptation or mitigation in cross-cutting projects. Unless this criterion is defined, the Fund will not be able to reliably track and report the extent to which it meets its commitment to divide its funds equally between adaptation and mitigation.

Recommendation 2a: The Secretariat should **update the RMF and PMF** and importantly and quickly develop protocols that contain methodologies for measuring core and impact indicators. Efforts should be made to the extent possible to harmonize indicators with the SDGs. Additionally, in keeping with good practice in the field, the Secretariat should regularly review the menu of impact and outcome indicators in the RMF based on lessons learned from the design and implementation of monitoring systems. This revision should be kept in the **technical realm** and should be carried out in conjunction with the NDAs and AEs The Secretariat should pay special attention to ensuring that a **web-based portfolio management system** that allows different stakeholders to view project related information and progress in a real-time way is set up.

Recommendation 2b: **The Secretariat should develop a technical guide** that integrates in a clear and coherent manner all relevant Board decisions and policies related to **results management.** The guidance should allow flexibility for the relevant differences in types of GCF operations but should ensure consistency and clarity with respect to critical concepts and criteria. This guide should be a living document for a few years and should reflect learning. It should also provide guidance on standards and roles and responsibilities. This guide should build on the handbook recently published by the Secretariat. This guide should also include a reliable criterion to assess the funding of cross-cutting projects to the thematic areas of adaptation and mitigation.

***Challenge 3:* The absence of guidance of the roles of NDAs after project approval represents a loss of opportunity to improves coordination and improve the use and reporting of results by building country capacities.** The RMF reaffirms that country ownership is an essential principle for Fund operations and is critical to managing for and achieving results. NDAs serve the interest of the country and are tasked with ensuring country ownership of GCF operations. In this context, the NDAs are emerging as important users of information on results from GCF projects. Nonetheless, the GCF has not produced guidance for the NDAs' role beyond granting non-objection letters. This has become a source of confusion and tension between the NDAs and AEs and

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represents a loss of opportunity to improve coordination and improve the use and reporting of information on results by building country capacities.

Furthermore, currently, there is insufficient guidance that links GCF monitoring systems with national monitoring systems. This has resulted in lost opportunities which could otherwise help ensure proper monitoring at the country level and support monitoring systems that can report on GCF impacts long after the project ends. Indeed, several countries have developed or are in the process of developing monitoring systems linked to the SDGs to track indicators referring to various aspects of climate change, such as indicators of resilience. Considering the current insufficient guidance provided by the GCF on the linking of national and AE monitoring systems, presently the AEs are not planning on harnessing this available system to monitoring, managing and measuring the results of GCF interventions. Nor can this information be reported to the GCF, given the current structure of reporting. In many cases, agencies are producing information of interest to the country that goes unreported.

Recommendation 3a: The Secretariat should **initiate a dialogue** with the NDAs, AEs and other key stakeholders to define the appropriate role of the NDAs throughout the project cycle. Once defined, the role should be properly funded, and the Fund should help the NDAs develop the necessary capacities to carry out the assigned roles.

Recommendation 3b: When possible the GCF project monitoring should **connect with country monitoring systems** and link indicators with SDG indicators. Projects should also look for opportunities to carry the link to country monitoring systems to ensure that monitoring takes place after the project ends.

***Challenge 4:* A large proportion of projects reviewed for this review have not sufficiently planned for reporting results and impacts in a credible and robust way.** The Fund runs the risk of having gaps in impact information in USD 1,363 M of its investment due to the absence of impact indicators. Half of GCF's currently approved Funded Projects do not include plans for baseline data collection and a majority of them are significantly overstating the achievements of their projects with respect to key success criteria (including investment criteria). Most do not sufficiently provide for robust monitoring and evaluation.

Recommendation 4a: The Secretariat should ensure that during project preparation, **sufficient attention is paid the design and budgeting of project M&E system prior to project proposal approval.** This will require a more robust role of secretariat units during project preparation, that are subsequently responsible for results management. The Secretariat should develop procedures and processes that sufficiently screen entities during the accreditation process, for state-of-the-art monitoring, reporting and evaluation capacity. Accreditation Master Agreement with each organization should clearly spell out the entity's responsibilities related to M&E and risk management.

Recommendation 4b: As was undertaken for this review, the GCF should **carry out regular 'evaluability reviews'** to assess the extent to which projects are likely to report and measure their impacts and outcomes credibly. Amongst other things, robust reporting will require projects to have the **plan and budget for baseline data collection and a robust monitoring plan** that helps the project manage for results. All these should be fully budgeted. Projects that have been approved and that are missing impact and outcome indicators or with insufficient provisions and budgeting for M&E should be required to retrofit their M&E plans.

Recommendation 4c: **The IEU should prepare project evaluation guidelines.** Specifically, in the guidance for mid-term and final evaluations, this guidance should include methods to verify impact and outcome information. It should also include assurance that project impact data has been gathered with the appropriate methodologies. These guidelines should also require that mid-term and terminal evaluations carry out an assessment of risk management during the lifetime of the project.

***Challenge 5:* The Fund is pursuing three mechanisms or approaches to address risk in its operations; these are still under construction or have not been tested yet.** The first consists of an early warning system based on risk flags, which is supposed to reflect the Secretariat risk-related assessment of the project, and the performance of the accredited entities. The second is the risk management framework based on the COSO model of risk management, which is based on the three lines or levels of responsibilities that organizations should have to manage risk appropriately. The third is the accreditation process that certifies agencies and organizations as having the capacity to carry out the AE functions. It is too early to assess the extent to which the risk flags system is working. The implementation of the risk management framework is likely to face challenges related to the business model of the Fund that depends on other organizations (accredited entities and implementing entities) to develop and implement projects and to the vastly different types of operations carried out by the Fund. Last but not least, the review illustrates critical shortcomings in the quality at entry approved projects which raises flags with respect to the adequacy of the accreditation process and require further assessment.

Recommendation 5a: While continuing to develop the risk management system, the Secretariat should give special attention to the **roles and responsibilities of accredited and implementing entities.** The distinction between the roles of accredited entities and implementing entities also needs to be clarified.

Recommendation 5b: **The IEU should also carry out an independent review of the accreditation process** considering the extensive deficiencies in the evaluability and likelihood of credible reporting that this review summarizes across the portfolio of approved projects.

***Challenge 6*: The Fund has not established mechanisms to ensure consistency and aggregation of reporting information at the project, country, or portfolio level.** AEs vary in their methodologies to measure and report indicators. This raises questions on the comparability of the data and the reliability of aggregated data across the portfolio. Also, while the RMF places emphasis on reporting impact- and outcome-level indicators, the current focus on APR reporting is on reporting on inputs and outputs which is unlikely to provide the GCF with the robust impact measurement required to inform its institutional impact. **The Secretariat has taken significant steps to improve the measurement, reporting and verification approaches** to indicators. The Secretariat has also revised some indicators to assure coherence with other climate-finance institutions and has endeavoured to further develop frameworks. However, this has remained inadequate. Definitions and indicators for several adaptation impact and result areas still remain elusive. The **Fund also lacks guidance or mechanisms to ensure consistency and aggregation**, storage, and retrieval of monitoring data in ways that are credible and practical. If not addressed in the short term, these deficiencies are likely to be magnified as the portfolio grows, which will render the Fund unable to report on results for a large proportion of its operations. Nor has the Fund taken advantage of the emerging technology such as remote sensing, big data, crowdsourcing or of the use

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of independent national organisations to conduct monitoring as means to overcome the challenges associated with the collection of information across projects, entities, countries and scales.

Recommendation 6a: The Secretariat should also establish mechanisms to **ensure methods are consistent** for indicators across entities. Rules on how indicators will be **aggregated** should also be laid down. The Secretariat should give priority to acting on a Board decision that the Secretariat will establish a **web-based reporting system** to facilitate reporting and aggregation of indicators and other information pertinent to results.

Recommendation 6b: The Secretariat should collaborate with other key agencies and stakeholders to **harmonize** critical concepts and indicators and to develop standards and methods for new indicators for mitigation and adaptation projects when pertinent. Attention should be given to identifying a reliable core indicator of adaptation.

Challenge 7: **At its current stage, the GCF's gender action plan, gender toolkit and policy are not integrated into the GCF's RMF beyond the design of gender-sensitive reporting.** The Fund's policies and guidelines set in place for improving its gender-sensitive approach are currently under development and evidence from the portfolio indicate that projects are addressing gender issues during project preparation and the early phases of implementation. The Secretariat has developed some tools necessary for building a sound system for the reporting, monitoring, and evaluation of gender-related aspects of the Fund's portfolio. It is addressing portfolio-level aggregation, the conceptualisation of gender-aspects in its result areas and developing the gender-sensitivity of its current indicators. The policy also needs to address other aspects social-inclusion to remain current with international practices.

Recommendation 7: The Secretariat should **revise its indicators on gender** to more fully address other aspects of social inclusion. The Secretariat should also clarify the Fund's gender- and social-inclusion impact and outcome priorities, especially regarding mitigation. The further development of the PMFs and the RMF will need to ensure that existing systems for including gender in project planning and M&E are given due consideration.

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Annex III: Annexes to the Independent Review of the Green Climate Fund's Results Management Framework by the Independent Evaluation Unit

The annexes to the Independent Review of the Green Climate Fund's Results Management Framework by the Independent Evaluation Unit are contained below.

ANNEXES

INDEPENDENT REVIEW OF THE GREEN CLIMATE FUND'S RESULTS MANAGEMENT FRAMEWORK

FINAL REPORT

OCTOBER 2018

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ANNEX 1 THE PERFORMANCE MEASUREMENT FRAMEWORKS OF THE GCF

Mitigation Performance Measurement Framework[1]

REFERENCE GUIDE[2]	EXPECTED RESULT	INDICATOR	DECIDED OR NOTED BY BOARD
	PARADIGM-SHIFT OBJECTIVE		
	Shift to low-emission, sustainable-development pathways	Degree to which the Fund is achieving low-emission, sustainable-development impacts	Noted, but further refinement needed
	FUND-LEVEL IMPACTS		
PMF-M Core 1		Tonnes of CO2eq reduced as a result of Fund-funded projects/programmes	Decided
PMF-M Core 2		Cost per tCO2eq decreased for all Fund-funded mitigation projects/programmes	Decided
PMF M Core 3		Volume of finance leveraged by Fund funding	Decided
PMF M 1.0	1.0 Reduced emissions through increased low-emission energy access and power generation	1.1 Tonnes of CO2eq reduced or avoided as a result of Fund-funded projects/programmes - gender-sensitive energy access power generation (sub-indicator)	Decided
PMF-M 2.0	2.0 Reduced emissions through increased access to low-emission transport	2.1 Tonnes of CO2eq reduced or avoided as a result of Fund-funded projects/programmes - low-emission gender-sensitive transport (sub-indicator)	Decided
PMF-M 3.0	3.0 Reduced emissions from buildings, cities, industries and appliances	3.1 Tonnes of CO2eq reduced or avoided as a result of Fund-funded projects/programmes -buildings, cities, industries, and appliances (sub-indicator)	Decided
PMF-M 4.0	4.0 Reduced emissions from land use, deforestation, forest degradation, and through sustainable management of forests and conservation and enhancement of forest carbon stocks	4.1 Tonnes of CO2eq reduced or avoided (including increased removals) as a result of Fund-funded projects/programmes -forest and land-use sub-indicator	Decided
		Social, environmental, economic co-benefit index/indicator at impact-level	Noted, but further refinement needed
	PROJECT/PROGRAMME OUTCOMES		
		Number of technologies and innovative solutions transferred or licensed to support low-emission development as a result of Fund support	Noted, but further refinement needed
PMF-M 5.0	5.0 Strengthened institutional and regulatory systems for low-emission planning and development	5.1 Institutional and regulatory systems that improve incentives for low-emission planning and development and their effective implementation	Noted, but further refinement needed

[1] GCF/B.08/45, Annex VIII.
[2] The abbreviations have been adapted from GCF/B.09/23, Annex III.

Reference guide[2]	Expected Result	Indicator	Decided or Noted by Board
		5.2 Number and level of effective coordination mechanisms	Noted, but further refinement needed
PMF-M 6.0	6.0 Increased number of small, medium and large low-emission power suppliers	6.1 Proportion of low-emission power supply in a jurisdiction or market	Decided
		6.2 Number of households, and individuals (males and females) with improved access to low-emission energy sources	Decided
		6.3 MWs of low-emission energy capacity installed, generated and/or rehabilitated as a result of GCF support	Decided
PMF-M 7.0	7.0 Lower energy intensity of buildings, cities, industries, and appliances	7.1 Energy intensity/improved efficiency of buildings, cities, industries and appliances as a result of Fund support	Noted, but further refinement needed
PMF-M 9.0	8.0 Increased use of low-carbon transport	8.1 Number of additional female and male passengers using low-carbon transport as a result of fund support	Noted, but further refinement needed
		8.2 Vehicle fuel economy and energy source as a result of Fund support	Noted, but further refinement needed
PMF-M 9.0	9.0 Improved management of land or forest areas contributing to emissions reductions	9.1 Hectares of land or forests under improved and effective management that contributes to CO2 emission reductions	Noted, but further refinement needed

Adaptation Performance Measurement Framework[3]

Reference guide[4]	Expected Result	Indicator	Decided or Noted by Board
	Paradigm-Shift Objective		
	Increased climate-resilient sustainable development	Degree to which the Fund is achieving climate-resilient sustainable development impacts	Noted, but further refinement needed
	Fund-level impacts		
PMF-A Core 1		Total number of direct and indirect beneficiaries; number of beneficiaries relative to total population	Decided
PMF-A 1.0	1.0 Increased resilience and enhanced livelihoods of the most vulnerable people, communities, and regions	1.1 Change in expected losses of lives and economic assets (US$) due to the impacts of extreme climate related disasters in the geographic area of the GCF intervention	Noted, but further refinement needed
		1.2 Number of males and females benefiting from the adoption of diversified, climate-resilient livelihood options (including fisheries, agriculture, tourism, etc.)	Noted, but further refinement needed

[3] GCF/B.08/45, Annex VIII.
[4] The abbreviations have been adapted from GCF/B.09/23, Annex III.

Reference Guide[4]	Expected Result	Indicator	Decided or Noted by Board
		1.3 Number of Fund-funded projects/programmes that support effective adaptation to fish stock migration and depletion due to climate change	Noted, but further refinement needed
PMF-A 2.0	2.0 Increased resilience of health and well-being, and food and water security	2.1 Number of males and females benefiting from introduced health measures to respond to climate-sensitive diseases	Decided
		2.2 Number of food-secure households (in areas/periods at risk of climate change impacts)	Decided
		2.3 Number of males and females with year-round access to reliable and safe water supply despite climate shocks and stresses	Decided
PMF-A 3.0	3.0 Increased resilience of infrastructure and the built environment to climate change threats	3.1 Number and value of physical assets made more resilient to climate variability and change, considering human benefits	Noted, but refinement needed
PMF-A 4.0	4.0 Improved resilience of ecosystems and ecosystem services	4.1 Coverage/scale of ecosystems protected and strengthened in response to climate variability and change	Noted, but further refinement needed
		4.2 Value (US$) of ecosystem services generated or protected in response to climate change	Noted, but further refinement needed
	Project/Programme Outcomes		
		Number of technologies and innovative solutions transferred or licensed to promote climate resilience as a result of Fund support	Noted, but further refinement needed
PMF-A 5.0	5.0 Strengthened institutional and regulatory systems for climate-responsive planning and development	5.1 Institutional and regulatory systems that improve incentives for climate resilience and their effective implementation	Noted, but further refinement needed
		5.2 Number and level of effective coordination mechanisms	Noted, but further refinement needed
PMF-A 6.0	6.0 Increased generation and use of climate information in decision-making	6.1 Use of climate information products/services in decision-making in climate-sensitive sectors	Noted, but further refinement needed
PMF-A 7.0	7.0 Strengthened adaptive capacity and reduced exposure to climate risks	7.1 Use by vulnerable households, communities, businesses, and public-sector services of Fund-supported tools, instruments, strategies and activities to respond to climate change and variability	Noted, but refinement needed
		7.2 Number of males and females reached by (or total geographic coverage of) climate-related early warning systems and other risk reduction measures established/ strengthened	Noted, but refinement needed

REFERENCE GUIDE[4]	EXPECTED RESULT	INDICATOR	DECIDED OR NOTED BY BOARD
PMF-A 8.0	8.0 Strengthened awareness of climate threats and risk-reduction processes	8.1 Number of males and females made aware of climate threats and related appropriate responses	Decided

Performance Measurement Framework for REDD+ Results-Based Payments[5]

Expected Result	Indicator	Decided or Noted by Board
PARADIGM-SHIFT OBJECTIVE		
Shift to low-emission sustainable development pathways	Degree to which the Fund is achieving climate-resilient sustainable development impacts	Noted, but further refinement needed
FUND-LEVEL IMPACTS		
4.0 Reduced emissions from land-use, deforestation, forest degradation, and sustainable management of forests and conservation and enhancement of forest carbon stocks	Tonnes of CO2eq reduced (including increased removals) from REDD+ activities	Decided
PROGRAMME OUTCOMES (NATIONAL OR SUBNATIONAL)		
A. Reduced emissions (tCO2eq) from deforestation	Reduced emissions (tCO2eq)	Decided
B. Reduced emissions (tCO2eq) from forest degradation	Reduced emissions (tCO2eq)	Decided
C. Reduced emissions and increased removals (tCO2eq) through the conservation of forest carbon stocks	Reduced emissions and increased removals (tCO2eq)	Decided
D. Reduced emissions and increased removals (tCO2eq) through the sustainable management of forests	Reduced emissions and increased removals (tCO2eq)	Decided
E. Increased removals (tCO2eq) through the enhancement of forest carbon stocks	Reduced emissions (tCO2eq)	Decided

[5] GCF/B.08/45, Annex XI.

ANNEX 2 NOTES ON OTHER CLIMATE-RELATED FUNDS' RESULTS FRAMEWORKS

Global Environment Facility: For the Seventh GEF replenishment (2018-2021), the Updated Results Architecture for GEF 7 includes a total of 10 indicators. There is one core climate change indicator that measures greenhouse gas emissions (GHG) mitigated in metric tons of carbon dioxide equivalent. Three values are reported for the core indicator: (i) lifetime direct project GHG emissions mitigated, (ii) lifetime direct post-project emissions mitigated, and (iii) lifetime indirect GHG emissions mitigated. The core indicator is composed of four sub-indicators (outcome indicators): (i) carbon sequestered, or emissions avoided, in the sectors of agriculture, forestry, and other land use (CO2 e); (ii) Emissions avoided (CO2 e); (iii) Energy saved (megajoules); (iv) Increase in installed renewable energy capacity per technology (megawatts), repeated for each technology.[6]

Result indicators in the GEF are revised every replenishment. For the projects approved during the sixth GEF replenishment (2014-2017), the GEF uses a tracking tool with eleven indicators. During this period the GEF used a score card to report results on an annual basis. This score card included 11 indicators, of which only one was for climate change, and reported CO2 equivalent emissions reduced.

Global Environment Facility Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF): For the seventh replenishment, results of these two funds will be reported together. The results framework for 2018 to 2022 consists of three core indicators, along with six outcome indicators and 16 output indicators. The LDCF and SCCF will report on 25 indicators in total. *"Results will be monitored and reported to the LDCF/SCCF Council as projects reach inception, mid-term, and at completion, in line with the overall GEF policy on results-based management. Updates will also be included in the GEF annual report to the UNFCCC COP. The theory of change will be developed further early in the GEF-7 period."*[7]

Climate Investment Funds Forest Investment Program (FIP): In 2018, the FIP went through a review of its result framework that introduced three categories of reporting: (1) common themes, (2) other relevant co-benefit themes and (3) additional national-level impacts. The FIP will report on eleven 11 indicators in total. The first category includes (i) GHG emission or avoidance/enhancement of carbon stocks reductions, which has three indicators and in addition requires narrative reporting on other topics; (ii) livelihoods co-benefits, which has seven indicators and also requires narrative reporting on additional topics. The second category includes four co-benefits, all of which are reported in a narrative form: biodiversity and other environmental services; governance; tenure, rights and access; and capacity development. The third category includes five additional national-level impacts, which are: theory of change and assumptions; contribution to national REDD+ and other national development strategies and uptake of FIP approaches; support received from other partners, including the private sector; the link between a dedicated grant mechanism and FIP investments from government's point of view; and highlights and showcases.[8] This is a change from the previous reporting, as in 2017 the FIP reported on only two core indicators, CO2 emissions reductions and livelihoods co-benefits.

Scaling Up Renewable Energy Program in Low-Income Countries (SREP): SREP developed a monitoring and reporting toolkit in 2018. This includes four core indicators: (1) annual electricity output from renewable energy, as a result of SREP interventions; (2) number of women and men, businesses, and community services benefiting from improved access to electricity and/or other

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[6] GEF 2018a.
[7] GEF 2018b.
[8] CIF (2018b).

modern energy services, as a result of SREP interventions; (3) increased public and private investments in targeted subsectors, as a result of SREP interventions and capacity; (4) capacity (direct or indirect) from renewable energy (MW), as a result of SREP interventions. In addition to this, the toolkit includes four development co-benefits indicators, which are: increased/strengthened regulatory, institutional, and policy frameworks to support the use of renewable energy; gender; GHG emissions avoided; and other co-benefits identified in the project/program documents.[9] Prior to this toolkit, from 2012 to 2017, the SERP reported on two core indicators to its governing body: (1) annual electricity output from renewable energy as a result of SREP interventions; and (2) number of women and men, businesses, and community services benefiting from improved access to electricity and fuels as a result of SREP interventions.

Clean Technology Fund (CTF): As of 2014 the CTF reports on five core indicators: (1) Tons of GHG emissions reduced or avoided; (2) volume of direct finance leveraged through CTF funding; (3) installed capacity as a result of CIF intervention; (4) Number of additional passengers using low-carbon public transport as a result of CTF intervention; and (5) Annual energy savings as a result of CTF interventions (GWh).

Pilot Program for Climate Resilience (PPCR): As of 2018, the PPCR developed a new monitoring and reporting toolkit. It includes five core indicators: (1) degree of integration of climate change in national, including sector, planning; (2) evidence of strengthened government capacity and coordination mechanism to mainstream climate resilience; (3) quality of and extent to which climate responsive instruments/investment models are developed and tested (optional); (4) extent to which vulnerable households, communities, businesses, and public-sector services use improved PPCR-supported tools, instruments, strategies, and activities to respond to climate variability or climate change; (5) number of people supported by the PPCR to cope with the effects of climate change. Until 2017 the PPCR reported on 12 indicators, amongst others: number of people supported by PPCR; integration of climate change into development planning, number of people receiving climate-related training and capacity building; number of knowledge products developed; area (ha) improved through sustainable water and land management practice; number of hydromet and climate services stations; area (ha) protected from flood/sea level rise/storm surge; length (km) of embankments, drainage, sea walls, waterways, and defense flood protections constructed, length (km) of resilient roads built or restored, number of small-scale infrastructure constructed or rehabilitated.

Adaptation Fund: The Adaptation Fund Board approved two impact-level results and five associated core indicators to track its results. The first result of increased adaptive capacity of communities to respond to the impact of climate change is measured through the following four core indicators: (1) number of beneficiaries (direct and indirect); (2) number of early warning systems; (3) assets produced, developed, improved, or strengthened; (4) increase in income or avoided decrease in income. The second result of increased ecosystem resilience in response to climate change-induced stresses is measured through the core indicator of natural assets protected or rehabilitated.[10]

[9] CIF (2018a).
[10] Tango international (2018).

ANNEX 3 STAKEHOLDERS CONSULTED

Box: Timeline for consultation with GCF Board, Advisors, GCF Secretariat and other stakeholders.

DATE	CONSULTATION FORMAT	UNITS/BOARD/BODY
14 Jun 2018	RMF review - summary of inception report shared with GCF Secretariat OPM, PSF, DMA, DCP prior to consultation week	OPM, PSF, DMA, DCP
27 Aug 2018	RMF review report Zero draft shared with OPM	OPM/GCF Secretariat
27 Aug 2018	RMF review report Zero draft shared with DCP	DCP/ GCF Secretariat
05 Sep 2018	Comments received	OPM/DMA/ GCF Secretariat
05 Sep 2018	RMF joint seminar on the emerging findings of the RMF review	OPM/ GCF Secretariat
06 Sep 2018	RMF review seminar during the DCP's weekly specialists meeting	DCP/ GCF Secretariat
06 Sep 2018	RMF review seminar on the emerging findings of the RMF review	PSF/ GCF Secretariat
07 Sep 2018	RMF review seminar on the emerging findings of the RMF review	DMA, ORMC GCF Secretariat
11 Sep 2018	RMF review draft shared with OGA for Board consideration; request for feedback by 18 Sep	OGA/Co-chairs
12 Sep 2018	OGA sends out the RMF review report, Annexes and webinars dates for the Board's consideration	Members and alternate members of the Board (advisers copied)
13 Sep 2018	Peer Review of the RMF review report draft by IEU advisor	IEU Advisor, Dr. Vinod Thomas
17 Sep 2018	Comments by the Board members received and considered	Members of the Board and advisors
18 Sep 2018	RMF review webinar on the findings and recommendations of the RMF review	Members of the Board and advisors
18 Sep 2018	RMF review webinar on the findings and recommendations of the RMF review	Members of the Board and advisors
18 Sep 2018	Further comments by the Board members received and considered.	Members of the Board and advisors
19 Sep 2018	RMF review presentation to a visiting the UK BEIS team	UK Department for Business, Energy and Industry Strategies; GCF Board UK advisor
21 Sep 2018	RMF review webinar on the findings and recommendations of the RMF review (revised presentation based on comments)	CSOs and PSOs and accredited observer organizations
21 Sep 2018	RMF review webinar on the findings and recommendations of the RMF review (revised presentation based on comments)	CSOs and PSOs and accredited observer organizations
24 Sep 2018	Submission of main report and annexes	For B.21

Stakeholders from Kenya

NO.	FULL NAME	TITLE	ORGANISATION

1.	Anthony Mukundi Kinuya	Platform Operations Manager	d.light
2.	Denis Nzomo	CEO/ former Facilitator of National Projects	Greenbank Solutions Lmt.
1.	Douglas Gavala	Regional Research/Insight Manager	d.light
3.	Duncan Onyango	East Africa Director	Acumen East Africa HQ
4.	Jonah D. O. Osore	Director, Policy & Research	Office of the Deputy President
5.	Kat Harrison	Associate Director, Impact & Lean Data	Acumen London Office
6.	Loise Nduati	Senior Business Associate	Acumen East Africa HQ
7.	Michael Ochieng' Okumu	Senior Assistant Director, Climate Change Negotiation and Finance, Climate Change Directorate	Ministry of Environment and Natural Resources, State Department of Environment
8.	Moses Ochieng	Consultant	Financial Sector Deepening Africa
9.	Nigel K. Kiambuthi	Research Analyst, Directorate of Budget, Fiscal and Economic Affairs / former Green Champion	The National Treasury
10.	Nuru M. Mugambi	Director of Communications and Public Affairs	Kenya Bankers Association
11.	Patrick Oketa	Associate Director, Portfolio	Acumen East Africa HQ
12.	Peter Odhengo	Senior Policy Advisor, Economic Affairs Department	The National Treasury
13.	Sarah Pellerin	Chief Information Officer	Lumbrick
14.	William Nyaoke	Country Director	KawiSafi Kenya

Stakeholders from Rwanda

No.	Full name	Title	Organisation
1.	Christopher Habarurema	Offgrid Solutions Engineer	EDCL
2.	Coletha Ruhamya	General	REMA
3.	Emanuel Rukundo	Sales Agent Coordinator	BBoxx
4.	Herman Hakuzinama	Director of Climate Change & International Obligations	REMA
5.	Iwona Bisaga	Advisor	BBoxx
6.	Jean Ntazinda	Partnership Development Advisor	REMA
7.	Maceline Uwase	Coordinator	BBoxx
8.	Uwera Rutagarama	Associate Director of Primary Social Energy	EDCL

Stakeholders from Viet Nam

No.	Full name	Title	Organisation
1.	Bui Hong Phuong	MPI, GCF Team	MPI
2.	Bùi Mỹ Bình	Department of International Cooperation	Ministry of Agriculture and Rural Development (MARD)
3.	Caitlin Wiesen	Country Director, United Nations Development Programme (UNDP) Viet Nam	UNDP Viet Nam
4.	Chu Bá Thi	Energy Specialist	World Bank
5.	Chu Van Chuong	Deputy Director General, International Cooperation Dept	MARD
6.	Dao Xuan Lai	Assistant Country Director, Head of Climate Change and Environment	UNDP Viet Nam
7.	Đỗ Hải Điền	Deputy Director, Director of Nam Dinh PMU	Nam Dinh Department of Agriculture and Rural Development (DARD)
1.	Đỗ Mạnh Hùng	Project Manager	Central Portfolio Management Unit (CPMU), Viet Nam
8.	Doan Phuong Duy	MPI, GCF Team	MPI
9.	Đoàn Thị Tuyến Nga	Director of Technology and International Cooperation, Deputy Director of CPMU	Vietnam Disaster Management Authority (VDMA)
10.	Giang Quân	MPI, GCF Team	MPI
11.	Hoàng Văn Huy	Deputy Director of Project	Quang Ngai PMU
12.	Hoàng Văn Tâm	EE and SD Department	MOIT
13.	Hoàng Văn Thắng	Deputy Minister	MARD
14.	Lê Công Cường	Director of the Forest Protection Development Fund and Disaster Prevention and Control, Director of Thanh Hoa PMU	Thanh Hoa DARD
15.	Lê Quang Tuấn	Deputy Director of Technology and International Cooperation, Project Coordinator of CPMU	VDMA
16.	Nguyễn Giang Quân	MPI, GCF Team	MPI
17.	Nguyen Thi Dieu Trinh	DSENRE	MPI
18.	Nguyễn Thị Lan Hương	Member of Component 1, Housing and Real Estate Market Management Agency	Ministry of Construction (MOC)
19.	Nguyễn Thị Thùy Dung	Project Coordinator	Quang Ngai PMU

No.	Full name	Title	Organisation
20.	Nguyen Thuy Ha	Deputy Director, Foreign Capital Management Department	VDB
21.	Nguyễn Trường Sơn	Deputy Director General, Deputy Director of CPMU	VDMA
22.	Nguyen Tuan Anh	Deputy Director General, DSENRE	MPI
23.	Nguyễn Văn Hân	Project Director	Quang Ngai PMU
24.	Nguyễn Văn Sơn	Vice Chairman of Commune	Đức Nhuận Commune
25.	Nguyễn Văn Tuấn	Officer of Thanh Hoa PMU	Thanh Hoa DARD
26.	Phạm Ngọc Duyên	Deputy Head of Economic Division	Quang Ngai PMU
27.	Phạm Ngọc Lân	Vice Chairman of District	Mộ Đức District
28.	Phạm Thị Côi	Village 7, Duc Nhuan commune, 90 yrs old, living with an unmarried daughter, suffered from neuropathy	House Owner 1
29.	Phan Trọng Luật	Technical Specialist	Quang Ngai PMU
30.	Phương Duy	MPI, GCF Team	MPI
31.	Tạ Hoàng Thủy	- Member of project	Department of Construction (DOC)
32.	Tăng Lam Hà	Coordinator of Component 1, Housing and Real Estate Market Management Agency	Ministry of Construction (MOC)
33.	Trần Công Anh	Officer of Commune	Đức Nhuận Commune
34.	Trần Ngọc Nghiêu	61 yrs old, suffered from dioxin, living with wife, no children.	House Owner 2
35.	Trần Quang Hoài	Director General	VDMA
36.	Trần Thị Nguyệt	Officer of Nam Dinh PMU	Nam Dinh DARD
37.	Triệu Văn Lực	Deputy Director of Component 2, Director General of Forestry Development Department	Vietnam Administration of Forestry
38.	Trịnh Quốc Vũ	EE and SD Department	MOIT
39.	Vu Minh Hong	Foreign Capital Management Department	VDB
40.	Vu Thai Truong	Project Management Specialist, GCF Project - CCE Unit	UNDP VN

Stakeholders from GCF Secretariat

No.	Full name	Title
1.	Adeyemi Sandra Freitas	Country Dialogue Specialist, DCP

No.	Full name	Title
2.	Andrey Chicherin	Project Finance Senior Specialist, PSF
3.	Clifford Polycarp	Deputy Director and Head of Programming, DCP
4.	Demetrio Innocenti	SAP Manager, DMA
5.	Diane McFadzien	Country Dialogue Specialist, DCP
6.	Drazen Kucan	Urban Development & Energy Efficiency Senior Specialist, DMA
7.	Eduardo Freitas	Country Relations Manager, DCP
8.	Faith Choga	ESS and Gender Associate, DCP
9.	Folasade Lillian Ayonrinde	Portfolio Management Specialist, OPM
10.	Gerrit Held	Private Sector Facility Consultant, PSF
11.	Gibum Choi	Intern, OPM
12.	Inchan Hwang	Private Sector Facility Consultant, PSF
13.	Janie Rioux	Agriculture & Food Security Senior Specialist, DMA
14.	Jessica Jacob	Country Dialogue Specialist, DCP
15.	Joseph Intsiful	Senior Climate Information & Early Warning Systems Specialist, DMA
16.	Kayla Keenan	Monitoring and Evaluation Specialist, OPM
17.	Keith Alger	Entity Relationship Coordinator, DCP
18.	Leo Hyoungkun Park	Financial Institutions Senior Specialist, PSF
19.	Leonardo Paat	Senior Environment and Social Specialist, DCP
20.	Linus Ikpyo Hong	Portfolio Analyst, OPM
21.	Minseo Kim	Portfolio Management Specialist, OPM
22.	Mitch Carpen	Head of Risk and Compliance, ORMC
23.	Mohamed Yousif Bakr Osman	Partnerships Initiative Consultant, PSF
24.	Moon Herrick	REDD+ Assistant Consultant, DMA
25.	Orville Grey	Adaptation Planning Specialist, DCP
26.	Patrick Van Laake	Ecosystems Management Senior Specialist, DMA
27.	Pierre Telep	Renewable Energy Senior Specialist, DMA
28.	Rajeev Mahajan	Project Finance Senior Specialist, PSF
29.	Rajib Ghosal	Monitoring and Evaluation Senior Specialist, OPM
30.	Sabin Basnyat	Senior Energy Efficiency Specialist, DMA
31.	Seblewongel Negussie	Gender and Social Specialist, DCP
32.	Sergio Pombo	Head of Private Equity Funds, PSF
33.	Sohail Malik	Head of Portfolio Management, OPM
34.	Stephanie Kwan	Senior Accredited Entities Specialist, DCP

No.	Full name	Title
35.	Subin Cho	Project Officer - Portfolio, Monitoring & Evaluation, DMA
36.	Sujala Pant	Country Dialogue Specialist, DCP
37.	Thomas Bishop	Associate Professional, PSF
38.	Tony Clamp	Deputy Director, PSF
39.	Urvaksh D. Patel	Entity Relationship Coordinator, DCP

Other stakeholders

No.	Full name	Title	Organisation
1.	Annett Moehner	Team Lead, Adaptation Committee	UN Climate Change Secretariat
2.	Yolando Velasco	Manager, Climate Finance Sub-Program	UN Climate Change Secretariat

Annex IV Projects with available annual performance reports

Funded Project	Country	Project Name	AE	Theme	Region	Access Modality	Sector
FP001	Peru	Building the Resilience of Wetlands in the Province of Datem del Marañón, Peru	Profonanpe	Cross-cutting	Latin America and the Caribbean	Direct (national)	Public
FP002	Malawi	Saving Lives and Protecting Agriculture-Based Livelihoods in Malawi: Scaling Up the Use of Modernized Climate Information and Early Warning Systems	UNDP	Adaptation	Africa	International	Public
FP005	Kenya, Uganda and Rwanda	KawiSafi Ventures Fund	Acumen	Cross-cutting	Africa	Direct (regional)	Private
FP007	Maldives	Supporting Vulnerable Communities in Maldives to Manage Climate Change-Induced Water Shortages	UNDP	Adaptation	Asia-Pacific	International	Public
FP010	Armenia	De-Risking and Scaling Up Investment in Energy-Efficient Building Retrofits	UNDP	Mitigation	Eastern Europe	International	Public
FP011	The Gambia	Large-Scale Ecosystem-Based Adaptation in the Gambia: Developing a Climate-Resilient, Natural Resource-Based Economy	United Nations Environment Programme (UNEP)	Adaptation	Africa	International	Public
FP013	Viet Nam	Improving the Resilience of Vulnerable Coastal Communities to Climate Change-Related Impacts in Viet Nam	UNDP	Cross-cutting	Asia-Pacific	International	Public
FP015	Tuvalu	Tuvalu Coastal Adaptation Project (TCAP)	UNDP	Adaptation	Asia-Pacific	International	Public
FP016	Sri Lanka	Strengthening the Resilience of Smallholder Farmers in the Dry Zone to Climate Variability and Extreme Events through an Integrated Approach to Water Management	UNDP	Adaptation	Asia-Pacific	International	Public
FP018	Pakistan	Scaling Up of Glacial Lake Outburst Flood Risk Reduction in Northern Pakistan	UNDP	Adaptation	Asia-Pacific	International	Public
FP019	Ecuador	Priming Financial and Land Use Planning Instruments to Reduce Emissions from Deforestation	UNDP	Mitigation	Latin America and the Caribbean	International	Public

Funded Project	Country	Project Name	AE	Theme	Region	Access Modality	Sector
FP023	Namibia	Climate-Resilient Agriculture in Three of the Vulnerable Extreme Northern Crop-Growing Regions	EIF	Adaptation	Africa	Direct (national)	Public
FP024	Namibia	Empower to Adapt: Creating Climate-Change Resilient Livelihoods through Community-Based Natural Resource Management in Namibia	EIF	Adaptation	Africa	Direct (national)	Public
FP028	Mongolia	MSME Business Loan Program for GHG Emission Reduction	XacBank	Mitigation	Asia-Pacific	Direct (national)	Private
FP033	Republic of Mauritius	Accelerating the Transformational Shift to a Low-Carbon Economy in the Republic of Mauritius	UNDP	Mitigation	Africa	International	Public
FP034	Uganda	Building Resilient Communities, Wetland Ecosystems and Associated Catchments in Uganda	UNDP	Adaptation	Africa	International	Public
FP037	Samoa	Integrated Flood Management to Enhance Climate Resilience of the Vaisigano River Catchment in Samoa	UNDP	Adaptation	Asia-Pacific	International	Public
FP039	Egypt	GCF-European Bank for Reconstruction and Development (EBRD) Egypt Renewable Energy Financing Framework	EBRD	Mitigation	Africa	International	Private

Source: Fiala, N., Puri, J., Mwandri, P. (2018) Becoming faster, better, smarter: A summary of the evaluability of Green Climate Fund Proposals, IEU Working paper No. 1, Songdo, South Korea, 2018.

Building a stoplight: The authors build a "**stoplight**" for each GCF proposal. Doing this helps them summarize their assessment of risks and other issues related to results measurement and reporting presented in each proposal. They use four categories in their 'stoplight'. For each stoplight criterion, they assess the likelihood that the criterion will be credible and well informed (low risk), will be credible and informed with *some additional* information (medium risk) or will *not* be informed in a credible and well-informed way (high risk). In few proposals, they are unable to draw a conclusion about the likelihood of credible reporting associated with a given stoplight criterion because the information provided in the proposal was insufficient for an assessment. In these few cases, we mark a criterion as "unclear". They assessed questions that inform the stoplight are discussed in detail below.

A. Theory of change and discussion of causal pathways: They use the following questions to assess the quality of theories of change and causal pathways discussed in the proposals.

a. What is the quality of the (implicit or explicit) theories of change and program logic?
    i. Low risk. Theory of change is well articulated.
    ii. Medium risk. Logic framework or theory of change is present but needs some clarifications. We specify what is missing.
    iii. High risk. Logic framework or theory of change either does not exist, exists but relies on unverified assumptions, or is missing key details about implementation and/or causal pathways. We specify what is missing.
    iv. Unclear. The information presented in the proposal is insufficient or too ambiguous to allow us to adequately evaluate the theory of change.

b. Are unintended consequences referred to and identified robustly in the programme theory of change and/or in the surrounding literature reviews?
    i. Low risk. Unintended consequences are well articulated.
    ii. Medium risk. Unintended consequences are discussed but need some clarification. Missing information to be specified.
    iii. High risk. Unintended consequences are discussed, but they are potentially very large given the program design. We specify what is missing.
    iv. Unclear. The information presented in the proposal is insufficient or too ambiguous to allow us to adequately evaluate how it addresses unintended consequences.

c. Are causal pathways clearly identified and discussed?
    i. Low risk. Causal pathways are well articulated and supported with credible evidence.
    ii. Medium risk. Causal pathways are described or implied, but the proposed links need some clarification about the assumptions that they rely on. Missing information to be specified.
    iii. High risk. The causal pathways that are implied in the proposal do not have a clear description and/or are based on unfounded assumptions.

iv. Unclear. The information presented in the proposal is insufficient or too ambiguous to allow us proposal to adequately evaluate the proposed causal pathways.

d. How robust are the causal linkages (implicit or explicit) and are they well informed by high-quality evidence?

i. Low risk. Causal linkages are well articulated and are well informed by high-quality evidence.

ii. Medium risk. Causal linkages are discussed but need some clarification and/or need to be supported by additional high-quality evidence. Missing information to be specified.

iii. High risk. Causal linkages either are not discussed at all or are implied but lack any foundation in credible evidence. Specify what is missing.

iv. Unclear. The information presented in the proposal is insufficient or too ambiguous to allow us to adequately evaluate the proposed causal pathways.

e. Is good quality evidence cited to discuss the efficacy of causal linkages?

i. Low risk. Evidence is of good quality and well-articulated.

ii. Medium risk. Evidence is used but needs some clarification. Missing information to be specified.

iii. High risk. Either evidence is not discussed or the quality of the evidence cited is very poor. Specify what is lacking.

iv. Unclear. The quality of the evidence cited to discuss the efficacy of causal linkages is unclear.

B. Potential for measurement of causal change and evaluability. This includes the following questions, which they ask to determine whether causal change can be attributed to the program through impact evaluation.

a. Does the proposal design allow for credible reporting of causal change?

i. Low risk. The proposal design allows for credible evaluation methods to be used to report casual change.

ii. Medium risk. More details are needed to determine what could be a relevant comparison group or if there are feasible options to create comparison groups.

iii. High risk. There does not appear to be a way to create a comparison group.

iv. Unclear. There is not enough information to determine whether a credible measurement of causal change is possible.

b. To what extent are included requirements for monitoring and evaluation adequate and able to cover the costs of undertaking high-quality impact evaluations?

i. Low risk. Requirements for monitoring and evaluation are likely adequate to cover the costs of a high-quality evaluation.

ii. Medium risk. Requirements for monitoring and evaluation are specified, but likely to be insufficient to support a high-quality impact evaluation.

iii. High risk. Requirements for monitoring and evaluation are not specified or cannot be determined from the information provided.

iv. Unclear. Information about the requirements for monitoring and evaluation is ambiguous, making an assessment of this information impossible.

c. What activities are included in the proposal that focus on 'economic analysis' and 'overall monitoring and evaluation' incorporated and are these sufficient for high quality, credible evaluations?

i. Low risk. Both are specified and are of high quality.

ii. Medium risk. Both are specified but are of low quality. We note what could be improved.

iii. High risk. Only one is specified or neither is specified. Note what is missing.

iv. Unclear. The information presented in the proposal is insufficient or too ambiguous to allow us to adequately evaluate the quality of proposed economic analyses and monitoring and evaluation activities.

d. Are methods for measuring attributable causal changes (outcomes or impact or other) discussed?

i. Low risk. Measurement of attribution is well articulated.

ii. Medium risk. Measurement of attribution is discussed and/or the need for causal impact measurement is acknowledged, but strategies for doing so are not well articulated. Missing information to be specified.

iii. High risk. Measurement of causal impact attribution is not discussed and/or the need for causal impact measurement is not acknowledged.

iv. Unclear. The information presented in the proposal is insufficient or too ambiguous to allow us to adequately evaluate any proposed methods for measuring attributable causal changes.

e. Are there potential areas of bias that are likely to creep in?

i. Low risk. There is a low risk of bias considering the proposed method of evaluating causal impact.

ii. Medium risk. There is a medium risk of bias considering the proposed method of evaluating causal impact. Specify what could lead to biases.

iii. High risk. There is a high risk of bias. Either the proposal either does not discuss a strategy for causal impact evaluation or the strategy that is discussed has a high risk of producing unbiased impact estimates.

iv. Unclear. Cannot judge likelihood of bias due to insufficient information.

f. What are possible impact evaluation methods that may be used to undertake possible impact evaluations of approved programs? (This criterion is not assessed within the same risk framework as the other stoplight criteria.)

C. Implementation fidelity and performance against investment criteria. They ask the following questions to determine if implementation and performance are likely to fit with the investment criteria.

a. Are eligibility and targeting criteria well-articulated in submitted documents?

i. Low risk. Eligibility and targeting criteria are well articulated.

ii. Medium risk. Eligibility and targeting criteria are discussed but need some clarification. Missing information to be specified.

iii. High risk. Eligibility and targeting criteria either are not discussed, or they are discussed, but they do not appear to be feasible given the programme design. Specify what is missing.

iv. Unclear. The information presented in the proposal is insufficient or too ambiguous to allow us to adequately evaluate eligibility and targeting criteria.

b. Is there adequate and reliable information included in the proposal regarding implementation fidelity?

i. Low risk. Implementation fidelity appears to be strong.

ii. Medium risk. There is a medium level of risk related to implementation fidelity. Some risks to implementation fidelity need to be addressed. Missing information to be specified.

iii. High risk. There is a high level of risk related to implementation fidelity. Substantial risks need to be addressed. Specify what is missing.

iv. Unclear. The information presented in the proposal is insufficient or too ambiguous to allow us to adequately evaluate the information regarding implementation fidelity.

c. To what extent is impact potential identifiable and measurable in the proposal?

i. Low risk. Impact potential is well articulated in the proposal and appears to be measurable using high-quality methods.

ii. Medium risk. Impact potential is specified but needs some clarification. Missing information to be specified. Impact potential is measurable, but high-quality methods may not be feasible given the program design.

iii. High risk. Impact potential is specified, but it relies on assumptions that are not verified and/or impact indicators are vaguely described. Measurement and evaluation potential appear to be low.

iv. Unclear. The information presented in the proposal is insufficient or too ambiguous to allow us to adequately evaluate the impact potential description and the feasibility of high-quality impact measurement.

d. To what extent is paradigm shift potential identifiable and measurable in the proposal?

i. Low risk. Paradigm shift potential is well articulated in the proposal and appears to be measurable using high-quality methods.

ii. Medium risk. Paradigm shift potential is specified but needs some clarification. Missing information to be specified. Paradigm shift potential is measurable but high-quality methods may not be feasible given the program design.

iii. High risk. Paradigm shift potential is specified, but it relies on significant assumptions that are not verified and/or paradigm shift indicators are vaguely described. Measurement and evaluation potential appear to be low.

iv. Unclear. The information presented in the proposal is insufficient or too ambiguous to allow us to adequately evaluate the paradigm shift potential description and the feasibility of high-quality paradigm shift measurement.

e. How well are other GCF investment criteria informed and are these measurable and verifiable with high credibility and quality?

    i. Low risk. Other investment criteria are likely to be credible.

    ii. Medium risk. Other investment criteria have some limitations. Missing information to be specified.

    iii. High risk. Other investment criteria are not likely sufficient. Specify what else could be included.

    iv. Unclear. The credibility of other investment criteria cannot be determined from the information provided.

D. Data collection and reporting credibility: They ask the following questions to determine if data collection and reporting were likely to be of good quality.

a. Are current reporting requirements sufficient for regular M&E?

    i. Low risk. Reporting for M&E is well articulated.

    ii. Medium risk. Reporting for M&E is discussed but needs some clarification. Missing information to be specified.

    iii. High risk. Reporting for M&E is discussed, but it is not sufficient for credible and useful M&E. Specify what is missing.

    iv. Unclear. The quality of reporting plans for M&E cannot be determined from the information provided.

b. How likely is it that progress on investment criteria can be measured and reported on credibly, given M&E plans, budget and indicators for investment criteria?

    i. Low risk. M&E and reporting plans have high potential to measure progress on investment criteria.

    ii. Medium risk. M&E and reporting plans are discussed but are likely not of high enough quality or backed by sufficient resources to adequately measure progress against investment criteria.

    iii. High risk. M&E and reporting plans related to progress on investment criteria are not well articulated and/or clearly lack the resources needed to measure progress.

    iv. Unclear. The information presented in the proposal is insufficient or too ambiguous to allow us to adequately evaluate the potential for the project to credibly monitor and report on progress associated with investment criteria.

c. To what extent did the proposal provide additional impact indicators beyond those proposed by the GCF? Can the proposal's indicators be used to measure the magnitude of causal change?

    i. Low risk. Indicators and measurements are well defined and can be used to measure impact.

    ii. Medium risk. Indicators and measurements lack specificity and measuring impact using the indicators specified may be a challenge.

    iii. High risk. Indicators and measurements are vague and/or unclear. More detailed indicators are needed to credibly measure impacts.

iv. Unclear: Insufficient information in the proposal to deduce the quality of indicators and measurements.

d. Has baseline data been collected and/or is there a requirement for this?

i. Low risk. Project will use baseline data and the methods for collecting are well articulated.

ii. Medium risk. Baseline data is discussed but needs some clarification. Missing information to be specified.

iii. High risk. Plans for collecting baseline data are not discussed despite a need to collect baseline data to inform an impact evaluation.

iv. Unclear. The information presented in the proposal is insufficient or too ambiguous to allow us to adequately evaluate plans for baseline data collection.

e. What is the potential quality of data and are these data suitable for impact evaluations?

i. Low risk. Data to be collected will be of high quality.

ii. Medium risk. Data is likely to be of good quality.

iii. High risk. Data is likely to be of low quality or data collection plans are not specified/unclear.

iv. Unclear. The information presented in the proposal is insufficient or too ambiguous to allow us to adequately evaluate the potential quality of data.

ANNEX VI TEMPLATE OF GCF FUNDING PROPOSALS

GREEN CLIMATE FUND

Funding Proposal

Version 1.1

The Green Climate Fund (GCF) is seeking high-quality funding proposals.

Accredited entities are expected to develop their funding proposals, in close consultation with the relevant national designated authority, with due consideration of the GCF's Investment Framework and Results Management Framework. The funding proposals should demonstrate how the proposed projects or programmes will perform against the investment criteria and achieve part or all of the strategic impact results.

Project/Programme Title: ______________________

Country/Region: ______________________

Accredited Entity: ______________________

Date of Submission: ______________________

PROPOSAL | 2015

GREEN CLIMATE FUND

Contents

Section A	PROJECT / PROGRAMME SUMMARY
Section B	FINANCING / COST INFORMATION
Section C	DETAILED PROJECT / PROGRAMME DESCRIPTION
Section D	RATIONALE FOR GCF INVOLVEMENT
Section E	EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA
Section F	APPRAISAL SUMMARY
Section G	RISK ASSESSMENT AND MANAGEMENT
Section H	RESULTS MONITORING AND REPORTING
Section I	ANNEXES

Note to accredited entities on the use of the funding proposal template

- Sections **A, B, D, E** and **H** of the funding proposal require detailed inputs from the accredited entity. For all other sections, including the Appraisal Summary in section F, accredited entities have discretion in how they wish to present the information. Accredited entities can either directly incorporate information into this proposal, or provide summary information in the proposal with cross-reference to other project documents such as project appraisal document.
- The total number of pages for the funding proposal (excluding annexes) is expected not to exceed 50.

Please submit the completed form to:
fundingproposal@gcfund.org

Please use the following name convention for the file name:
"[FP]-[Agency Short Name]-[Date]-[Serial Number]"

A.1. Brief Project / Programme Information		
A.1.1. Project / programme title		
A.1.2. Project or programme	Choose an item.	
A.1.3. Country (ies) / region		
A.1.4. National designated authority (ies)		
A.1.5. Accredited entity		
A.1.5.a. Access modality	☐ Direct ☐ International	
A.1.6. Executing entity / beneficiary	Executing Entity: Beneficiary:	
A.1.7. Project size category (Total investment, million USD)	☐ Micro (≤10) ☐ Medium (50<x≤250)	☐ Small (10<x≤50) ☐ Large (>250)
A.1.8. Mitigation / adaptation focus	☐ Mitigation ☐ Adaptation ☐ Cross-cutting	
A.1.9. Date of submission		
A.1.10. Project contact details: Contact person, position		
A.1.10. Project contact details: Organization		
A.1.10. Project contact details: Email address		
A.1.10. Project contact details: Telephone number		
A.1.10. Project contact details: Mailing address		

A.1.11. Results areas *(mark all that apply)*

Reduced emissions from:

- ☐ Energy access and power generation
  (E.g. on-grid, micro-grid or off-grid solar, wind, geothermal, etc.)
- ☐ Low emission transport
  (E.g. high-speed rail, rapid bus system, etc.)
- ☐ Buildings, cities and industries and appliances
  (E.g. new and retrofitted energy-efficient buildings, energy-efficient equipment for companies and supply chain management, etc.)
- ☐ Forestry and land use
  (E.g. forest conservation and management, agroforestry, agricultural irrigation, water treatment and management, etc.)

Increased resilience of:

- ☐ Most vulnerable people and communities
  (E.g. mitigation of operational risk associated with climate change – diversification of supply sources and supply chain management, relocation of manufacturing facilities and warehouses, etc.)
- ☐ Health and well-being, and food and water security
  (E.g. climate-resilient crops, efficient irrigation systems, etc.)
- ☐ Infrastructure and built environment
  (E.g. sea walls, resilient road networks, etc.)
- ☐ Ecosystem and ecosystem services
  (E.g. ecosystem conservation and management, ecotourism, etc.)

A.2. Project / Programme Executive Summary (max 300 words)

Please provide a brief description of the proposed project/programme, including the objectives and primary measurable benefits (see investment criteria in section E). The detailed description can be elaborated in section C.

A.3. Project/Programme Milestone	
Expected approval from accredited entity's Board (if applicable)	dd/mm/yyyy
Expected financial close (if applicable)	dd/mm/yyyy
Estimated implementation start and end date	Start: dd/mm/yyyy End: dd/mm/yyyy
Project/programme lifespan	______ years ______ months

GREEN CLIMATE FUND

FINANCING / COST INFORMATION

GREEN CLIMATE FUND FUNDING PROPOSAL | PAGE 3 OF 20

B

B.1. Description of Financial Elements of the Project / Programme

Please provide:

- *an integrated financial model in Section I (Annexes) that includes a projection covering the period from financial closing through final maturity of the proposed GCF financing with detailed assumptions and rationale; and a sensitivity analysis of critical elements of the project/programme*
- *a description of how the choice of financial instrument(s) will overcome barriers and achieve project objectives, and leverage public and/or private finance*

a breakdown of cost estimates for total project costs and GCF financing by sub-component in local and foreign currency and a currency hedging mechanism:
For example, under the component of drilling activity for a geothermal exploration project, sub-components would include civil engineering works, drilling services, drilling equipment and inspection test.

Component	Sub-component (if applicable)	Amount (for entire project)	Currency	Amount (for entire project)	Local currency	GCF funding amount	Currency of disbursement to recipient
Component 1	Sub-component 1.1	....	Options	....		....	
	Sub-component 1.2	....	Options	....		....	
Component 2	Sub-component 2.1	....	Options	....		....	
Total project financing							

** Please expand the table if needed.*

- *a breakdown of cost/budget by expenditure type (project staff and consultants, travel, goods, works, services, etc.) and disbursement schedule in project/programme confirmation (term sheet) as included in section I, Annexes.*

B.2. Project Financing Information

	Financial Instrument	Amount	Currency	Tenor	Pricing
(a) Total project financing	(a) = (b) + (c)	....	Options		
(b) GCF financing to recipient	(i) Senior Loans (ii) Subordinated Loans (iii) Equity (iv) Guarantees (v) Reimbursable grants * (vi) Grants *	....	Options Options Options Options Options Options	( ) years ( ) years	( ) % ( ) % ( ) % IRR

GREEN CLIMATE FUND

FINANCING / COST INFORMATION

GREEN CLIMATE FUND FUNDING PROPOSAL | PAGE 4 OF 20

B

** Please provide economic and financial justification in section F.1 for the concessionality that GCF is expected to provide, particularly in the case of grants. Please specify difference in tenor and price between GCF financing and that of accredited entities. Please note that the level of concessionality should correspond to the level of the project/programme's expected performance against the investment criteria indicated in section E.*

Total requested (i+ii+iii+iv+v+vi)	....	Options	

(c) Co-financing to recipient

Financial Instrument	Amount	Currency	Name of Institution	Tenor	Pricing	Seniority
Options Options Options Options	....	Options Options Options Options	....	( ) years ( ) years	( ) % ( ) % ( ) % IRR	Options Options Options Options

Lead financing institution: ....

** Please provide a confirmation letter or a letter of commitment in section I issued by the co-financing institution.*

(d) Financial terms between GCF and AE (if applicable)

In cases where the accredited entity (AE) deploys the GCF financing directly to the recipient, (i.e. the GCF financing passes directly from the GCF to the recipient through the AE) or if the AE is the recipient itself, in the proposed financial instrument and terms as described in part (b), this subsection can be skipped.

If there is a financial arrangement between the GCF and the AE, which entails a financial instrument and/or financial terms separate from the ones described in part (b), please fill out the table below to specify the proposed instrument and terms between the GCF and the AE.

Financial instrument	Amount	Currency	Tenor	Pricing
Choose an item.	....	Options	( ) years	( ) %

Please provide a justification for the difference in the financial instrument and/or terms between what is provided by the AE to the recipient and what is requested from the GCF to the AE.

B.3. Financial Markets Overview (if applicable)

How market price or expected commercial rate return was (non-concessional) determined?

Please provide an overview of the size of total banking assets, debt capital markets and equity capital markets which could be tapped to finance the proposed project/programme.

Please provide an overview of market rates (i.e. 1-year T-Bill, 5-year government bond, 5-year corporate bond (specify credit rating) and 5-year syndicate loan.

Provide examples or information on comparable transactions.

Please fill out applicable sub-sections and provide additional information if necessary, as these requirements may vary depending on the nature of the project / programme.

C.1. Strategic Context
Please describe relevant national, sub-national, regional, global, political, and/or economic factors that help to contextualize the proposal, including existing national and sector policies and strategies.

C.2. Project / Programme Objective against Baseline
Describe the baseline scenario (i.e. emissions baseline, climate vulnerability baseline, key barriers, challenges and/or policies) and the outcomes and the impact that the project/programme will aim to achieve in improving the baseline scenario.

C.3. Project / Programme Description
Describe the main activities and the planned measures of the project/programme according to each of its components. *Provide information on how the activities are linked to objectives, outputs and outcomes that the project/programme intends to achieve. The objectives, outputs and outcomes should be consistent with the information reported in the logic framework in section H.*

C.4. Background Information on Project / Programme Sponsor (Executing Entity)
Describe the quality of the management team, overall strategy and financial profile of the Sponsor (Executing Entity) and how it will support the project/programme in terms of equity investment, management, operations, production and marketing.

C.5. Market Overview (if applicable)
Describe the market for the product(s) or services including the historical data and forecasts. *Describe the competitive environment including the list of competitors with market shares and customer base and key differentiating factors (if applicable).* *Provide pricing structures, price controls, subsidies available and government involvement (if any).*

C.6. Regulation, Taxation and Insurance (if applicable)
Provide details of government licenses or permits required for implementing and operating the project/programme, the issuing authority, and the date of issue or expected date of issue. *Describe applicable taxes and foreign exchange regulations.* *Provide details on insurance policies related to project/programme.*

C.7. Institutional / Implementation Arrangements
Please describe in detail the governance structure of the project/programme, including but not limited to the organization structure, roles and responsibilities of the project/programme management unit, steering committee, executing entities and so on, as well as the flow of funds structure. Also describe which of these structures are already in place and which are still pending. For the pending ones, please specify the requirements to establish them. *Describe construction and supervision methodology with key contractual agreements.* *Describe operational arrangements with key contractual agreements following the completion of construction. If applicable, provide the credit analysis of key counterparties of key contractual agreements and/or structural mitigants to cover the counterparty risks.*

C.8. Timetable of Project/Programme Implementation

Please provide a project/programme implementation timetable in section I (Annexes). The table below is for illustrative purposes. If the table format below is used, please refer to the activities as numbered in Section H. In the case of outputs, please mark when all the required activities will be completed.

TASK	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13	Q14	Q15	Q16	Q17	Q18	Q19	Q20	Q21	Q22	Q23	Q24
Output 1.																								
Activity 1.1.	x	x																						
Activity 1.2.			x	x	x	x	x																	
Activity 1.3.																								
...																								
Output 2.																								
Activity 2.1.				x	x	x																		
Activity 2.2.						x	x	x	x	x														
Activity 2.3.				x	x	x	x	x	x	x	x	x	x	x										

D.1. Value Added for GCF Involvement

Please specify why the GCF involvement is critical for the project/programme, in consideration of other alternatives.

D.2. Exit Strategy

Please explain how the project/programme sustainability will be ensured in the long run, after the project/programme is implemented with support from the GCF and other sources, taking into consideration the long-term financial viability demonstrated in E.6.3. This should include a description of strategies for longer term maintenance of physical assets (if applicable).

In this section, the accredited entity is expected to provide a brief description of the expected performance of the proposed project/programme against each of the Fund's six investment criteria. Activity-specific sub-criteria and indicative assessment factors, which can be found in the Fund's Investment Framework, should be addressed where relevant and applicable. This section should tie into any request for concessionality made in section B.2.

E.1. Impact Potential
Potential of the project/programme to contribute to the achievement of the Fund's objectives and result areas

E.1.1. Mitigation / adaptation impact potential

Specify the mitigation and/or adaptation impact, taking into account the relevant and applicable sub-criteria and assessment factors in the Fund's investment framework.

When applicable, specify the degree to which the project/programme avoids lock-in of long-lived, high emission or climate-vulnerable infrastructure.

E.1.2. Key impact potential indicator

Provide specific numerical values for the indicators below.

GCF core indicators	*Expected tonnes of carbon dioxide equivalent (t CO_2 eq) to be reduced or avoided (Mitigation only)*	*Annual*	
		Lifetime	
	• *Expected total number of direct and indirect beneficiaries, disaggregated by gender (reduced vulnerability or increased resilience);*	*Total*	
	• *Number of beneficiaries relative to total population, disaggregated by gender (adaptation only)*	*Percentage (%)*	
Other relevant indicators	*Examples include:* • *Expected increase in the number of households with access to low-emission energy* • *Expected increase in the number of small, medium and large low-emission power suppliers, and installed effective capacity* • *Expected increase in generation and use of climate information in decision-making* • *Expected strengthening of adaptive capacity and reduced exposure to climate risks* • *Others*		

Describe the detailed methodology used for calculating the indicators above.

Describe how the project/programme's indicator values compare to the appropriate benchmarks (i.e. the indicator values for a similar project/programme in a comparable context).

E.2. Paradigm Shift Potential
Degree to which the proposed activity can catalyze impact beyond a one-off project/programme investment

E.2.1. Potential for scaling up and replication (Provide a numerical multiple and supporting rationale)

Describe how the proposed project/programme's expected contributions to global low-carbon and/or climate-resilient development pathways could be scaled-up and replicated including a description of the steps necessary to accomplish it.

E.2.2. Potential for knowledge and learning

Describe how the project/programme contributes to the creation or strengthening of knowledge, collective learning processes, or institutions.

E.2.3. Contribution to the creation of an enabling environment

Describe how proposed measures will create conditions that are conducive to effective and sustained participation of private and public sector actors in low-carbon and/or resilient development that go beyond the program.

.

Describe how the proposal contributes to innovation, market development and transformation. Examples include:

- *Introducing and demonstrating a new market or a new technology in a country or a region*
- *Using innovative funding scheme such as initial public offerings and/or bond markets for projects/programme*

E.2.4. Contribution to regulatory framework and policies

Describe how the project/programme strengthens the national / local regulatory or legal frameworks to systematically drive investment in low-emission technologies or activities, promote development of additional low-emission policies, and/or improve climate-responsive planning and development.

E.3. Sustainable Development Potential

Wider benefits and priorities

E.3.1. Environmental, social and economic co-benefits, including gender-sensitive development impact

E.4. Needs of the Recipient

Vulnerability and financing needs of the beneficiary country and population

E.4.1. Vulnerability of country and beneficiary groups (Adaptation only)

Describe the scale and intensity of vulnerability of the country and beneficiary groups, and elaborate how the project/programme addresses the issue (e.g. the level of exposure to climate risks for beneficiary country and groups, overall income level, etc).

E.4.2. Financial, economic, social and institutional needs

Describe how the project/programme addresses the following needs:

- *Economic and social development level of the country and the affected population*
- *Absence of alternative sources of financing (e.g. fiscal or balance of payment gap that prevents from addressing the needs of the country; and lack of depth and history in the local capital market)*
- *Need for strengthening institutions and implementation capacity.*

E.5. Country Ownership

Beneficiary country (ies) ownership of, and capacity to implement, a funded project or programme

E.5.1. Existence of a national climate strategy and coherence with existing plans and policies, including NAMAs, NAPAs and NAPs

Please describe how the project/programme contributes to country's identified priorities for low-emission and climate-resilient development, and the degree to which the activity is supported by a country's enabling policy and institutional framework, or includes policy or institutional changes.

E.5.2. Capacity of accredited entities and executing entities to deliver

Please describe experience and track record of the accredited entity and executing entities with respect to the activities that they are expected to undertake in the proposed project/programme.

E.5.3. Engagement with NDAs, civil society organizations and other relevant stakeholders

Please provide a full description of the steps taken to ensure country ownership, including the engagement with NDAs on the funding proposal and the no-objection letter.

Please also specify the multi-stakeholder engagement plan and the consultations that were conducted when this proposal was developed.

E.6. Efficiency and Effectiveness

Economic and, if appropriate, financial soundness of the project/programme

E.6.1. Cost-effectiveness and efficiency

Describe how the financial structure is adequate and reasonable in order to achieve the proposal's objectives, including addressing existing bottlenecks and/or barriers; providing the least concessionality; and without crowding out private and other public investment.

Please describe the efficiency and effectiveness, taking into account the total project financing and the mitigation/ adaptation impact that the project/programme aims to achieve, and explain how this compares to an appropriate benchmark. For mitigation, please make a reference to E.6.5 (core indicator for the cost per tCO_2eq).

E.6.2. Co-financing, leveraging and mobilized long-term investments (mitigation only)
Please provide the co-financing ratio (total amount of co-financing divided by the Fund's investment in the project/programme) and/or the potential to catalyze indirect/long-term low emission investment. *Please make a reference to E.6.5 (core indicator for the expected volume of finance to be leveraged).*
E.6.3. Financial viability
Please specify the expected economic and financial rate of return with and without the Fund's support, based on the analysis conducted in F.1. *Please describe financial viability in the long run beyond the Fund intervention.* *Please describe the GCF's financial exit strategy in case of private sector operations (e.g. IPOs, trade sales, etc.).*
E.6.4. Application of best practices
Please explain how best available technologies and practices are considered and applied. If applicable, specify the innovations/modifications/adjustments that are made based on industry best practices.

E.6.5. Key efficiency and effectiveness indicators	
GCF core indicators	Estimated cost per t CO_2 eq, defined as total investment cost / expected lifetime emission reductions (mitigation only)
	(a) Total project financing US$______ (b) Requested GCF amount US$______ (c) Expected lifetime emission reductions overtime ______ tCO_2eq **(d) Estimated cost per tCO_2eq (d = a / c)** US$______ / tCO_2eq **(e) Estimated GCF cost per tCO_2eq removed (e = b / c)** US$______ / tCO_2eq *Describe the detailed methodology used for calculating the indicators (d) and (e) above.* *Please describe how the indicator values compare to the appropriate benchmarks established in a comparable context.*
	Expected volume of finance to be leveraged by the proposed project/programme and as a result of the Fund's financing, disaggregated by public and private sources (mitigation only)
	Describe the detailed methodology used for calculating the indicators above. *Please describe how the indicator values compare to the appropriate benchmarks established in a comparable context.*
Other relevant indicators (e.g. estimated cost per co-benefit generated as a result of the project/programme)	

** The information can be drawn from the project/programme appraisal document.*

F.1. Economic and Financial Analysis

Please provide the narrative and rationale for the detailed economic and financial analysis (including the financial model, taking into consideration the information provided in section E.6.3).

Based on the above analysis, please provide economic and financial justification (both qualitative and quantitative) for the concessionality that GCF provides, with a reference to the financial structure proposed in section B.2.

F.2. Technical Evaluation

Please provide an assessment from the technical perspective. If a particular technological solution has been chosen, describe why it is the most appropriate for this project/programme.

F.3. Environmental, Social Assessment, including Gender Considerations

Describe the main outcome of the environment and social impact assessment. Specify the Environmental and Social Management Plan, and how the project/programme will avoid or mitigate negative impacts at each stage (e.g. preparation, implementation and operation), in accordance with the Fund's Environmental and Social Safeguard (ESS) standard. Also describe how the gender aspect is considered in accordance with the Fund's Gender Policy and Action Plan.

F.4. Financial Management and Procurement

Describe the project/programme's financial management and procurement, including financial accounting, disbursement methods and auditing.

G.1. Risk Assessment Summary

Please provide a summary of main risk factors. Detailed description of risk factors and mitigation measures can be elaborated in G.2.

G.2. Risk Factors and Mitigation Measures

Please describe financial, technical and operational, social and environmental and other risks that might prevent the project/programme objectives from being achieved. Also describe the proposed risk mitigation measures.

Selected Risk Factor 1

Description	Risk category	Level of impact	Probability of risk occurring
	Select	Select	Select

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

Selected Risk Factor 2

Description	Risk category	Level of impact	Probability of risk occurring
	Select	Select	Select

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?

Selected Risk Factor 3

Description	Risk category	Level of impact	Probability of risk occurring
	Select	Select	Select

Mitigation Measure(s)

Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?			
Selected Risk Factor 4			
Description	Risk category	Level of impact	Probability of risk occurring
	Select	Select	Select
Mitigation Measure(s)			
Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?			
Selected Risk Factor 5			
Description	Risk category	Level of impact	Probability of risk occurring
	Select	Select	Select
Mitigation Measure(s)			
Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?			
Selected Risk Factor 6			
Description	Risk category	Level of impact	Probability of risk occurring
	Select	Select	Select
Mitigation Measure(s)			
Please describe how the identified risk will be mitigated or managed. Do the mitigation measures lower the probability of risk occurring? If so, to what level?			
Other Potential Risks in the Horizon			
Please describe other potential issues which will be monitored as "emerging risks" during the life of the projects (i.e., issues that have not yet raised to the level of "risk factor" but which will need monitoring). This could include issues related to external stakeholders such as project beneficiaries or the pool of potential contractors.			

** Please expand this sub-section when needed to address all potential material and relevant risks.*

H.1. Logic Framework.

Please specify the logic framework in accordance with the GCF's Performance Measurement Framework under the Results Management Framework.

H.1.1. Paradigm Shift Objectives and Impacts at the Fund level[1]							
Paradigm shift objectives							
Choose appropriate expected result	Please elaborate on the paradigm shift objectives to which the project/programme contributes.						
Expected Result	**Indicator**	**Means of Verification (MoV)**	**Baseline**	**Target**			**Assumptions**
				Mid-term (if applicable)	Final		
Fund-level impacts							
Choose appropriate expected results	*Please select relevant GCF indicators from the Fund's performance measurement framework. More than one indicator may be selected per expected impact result.*						
Choose appropriate expected results							
Choose appropriate expected results							

[1] Information on the Fund's expected results and indicators can be found in its Performance Measurement Frameworks available at the following link (Please note that some indicators are under refinement): http://www.greenclimate.fund/documents/20182/239759/5.3_-_Performance_Measurement_Frameworks__PMF_.pdf/60941cef-7c87-475f-809e-4ebf1acbb3f4

H.1.2. Outcomes, Outputs, Activities and Inputs at Project/Programme level						
Expected Result	Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions
				Mid-term (if applicable)	Final	
Project/programme outcomes	**Outcomes that contribute to Fund-level impacts**					
Choose expected outcome	*Please select relevant GCF indicators from the Fund's performance measurement framework. More than one indicator may be selected per expected impact result.*					
Specify other expected results						
Specify other expected results						
Project/programme outputs	**Outputs that contribute to outcomes**					
1.						
2.						
3.						

Activities	**Description**	**Inputs**	**Description**
1.1.		1.1.1.	
1.2.		1.1.2.	
2.1.		1.1.3.	
…		…	

H.2. Arrangements for Monitoring, Reporting and Evaluation

Besides the arrangements (e.g. semi-annual performance reports) laid out in AMA, please provide project/programme specific institutional setting and implementation arrangements for monitoring and reporting and evaluation. Please indicate how the interim/mid-term and final evaluations will be organized, including the timing.

Please provide methodologies for monitoring and reporting of the key outcomes of the project/programme.

I. Supporting Documents for Funding Proposal

- ☐ NDA No-objection Letter
- ☐ Feasibility Study
- ☐ Integrated Financial Model that provides sensitivity analysis of critical elements (xls format, if applicable)
- ☐ Confirmation letter or letter of commitment for co-financing commitment (If applicable)
- ☐ Project/Programme Confirmation/Term Sheet (including cost/budget breakdown, disbursement schedule, etc.) – *see the Accreditation Master Agreement, Annex I*
- ☐ Environmental and Social Impact Assessment (ESIA) or Environmental and Social Management Plan (If applicable)
- ☐ Appraisal Report or Due Diligence Report with recommendations (If applicable)
- ☐ Evaluation Report of the baseline project (If applicable)
- ☐ Map indicating the location of the project/programme
- ☐ Timetable of project/programme implementation

** Please note that a funding proposal will be considered complete only upon receipt of all the applicable supporting documents.*

ANNEX VII TEMPLATE OF GCF ANNUAL PROGRESS REPORTS

GREEN CLIMATE FUND

General Template of the Annual Performance Report (APR)

Reference Number (FP###): Funding Proposal Title
Accredited Entity Name

Annual Reporting Period Covered in this Report:
(From DD-MM-YYYY to DD-MM-YYYY)

Sections in this report:

- Section 1: General Information
- Section 2: Implementation Progress Report
- Section 3: Financial Information[1] (Excel worksheet attached).
- Section 4: Report on Environmental and Social Safeguards & Gender
- Section 5: Annexes
- Section 6: Attachments

Please submit the APR to pmu@gcfund.org

SUBMITTED BY	
Name and title	*Date*

FOR GREEN CLIMATE FUND'S SECRETARIAT USE ONLY		
Received by:	*Signature*	*Date (DD-MM-YYYY)*

[1] Please refer to excel worksheet attached "APR Section 3 (Financial Information)". Provide as attachments to this report detailed financial information per the established requirements in the Funded Activity Agreement.

GREEN CLIMATE FUND

SECTION 1: GENERAL INFORMATION This section provides general information on the funded activity.	
1. Funded Activity Title:	*As per the approved Funding Proposal*
2. Funding Proposal Number:	*(FP###)*
3. Date of Board approval - Board Meeting Number:	Click or tap to enter a date. B.XX
4. Accredited Entity:	*(Full name of the Accredited Entity)*
5. Focal Point of the Accredited Entity for this Project:	*(Full name/email/telephone number)*
6. Executing Entity(ies):	*(Full name of the Executing Entity(ies))*
7. Implementation Period:	*From:* Click or tap to enter a date. *To:* Click or tap to enter a date.
8. Current year of Implementation:	*(e.g. year 2)*
9. Closing Date[2]:	Click or tap to enter a date.
10. Investment Manager[3]:	*(e.g. John Doe)*
11. Investment Period[4]:	*From:* Click or tap to enter a date. *To:* Click or tap to enter a date.
12. Date of Submission of the Report:	Click or tap to enter a date.
13. Annual Reporting period covered in this report:	*From:* Click or tap to enter a date. *To:* Click or tap to enter a date.
14. Total Project Budget[5]:	*(e.g. Loan: USD 25,000,000 Grant: USD 5,000,000)*
15. Total amount of GCF Proceeds Approved:	*(e.g. Loan: USD 20,000,000 Grant: USD 2,500,000)*
16. Total amount of GCF Proceeds disbursed (cumulative) to the Accredited Entity:	*(e.g. Loan: USD 2,000,000 Grant: USD 500,000)*

[2] Refers to the date on which the Accredited Entity's right to receive Disbursements in respect of the Funded Activity will terminate, as defined in the relevant Funded Activity Agreement.
[3] If applicable.
[4] If applicable.
[5] Total project budget including co-financing as approved by GCF.

SECTION 2: IMPLEMENTATION PROGRESS REPORT

2.1 OVERALL (SUMMARY) PROJECT PROGRESS REPORT (*less than one (1) page*[6]).

Provide a narrative report describing the overall progress on the implementation of the funded activity, focusing on implementation achievements, delays and challenges according to the planned activities. The narrative should contain considerations on the performance of the Funded Activity against the [Fund's Investment and the Results Management frameworks](). *As relevant, include references to other sections of this report (including Annexes or Attachments).*

Include a description of key milestones of the funded activity achieved during this reporting period. Also, describe actions undertaken, challenges ~~encountered~~ and lessons learned during the implementation, including issues related to non-compliance with GCF standards or conditions, if any. In parallel, include positive achievements and better-than-expected results.

In case of key issues that may result in a change of the scope of the project, please provide a description of such elements and considerations on the implementation period and final targets.

[6] Please remove text below to fit report to one page. Additional reports can be provided as other attachment to the APR.

2.2 PROJECT OUTPUTS IMPLEMENTATION STATUS

Project Output	Project Activity	Status[7]	Deliverable/Milestone for the current reporting period[8]	Deliverable/Milestone for the next reporting period[9]	Remarks (as applicable)[10]
Output 1 (e.g. 1 Wind power generation plant commissioned)	*1.1 (e.g. Sign Power Purchase Agreement (PPA))*	Choose an item.	*(e.g. PPA on negotiation)*	*(e.g. PPA signed)*	
	1.2 (e.g. Procurement of EPC contractor)	Choose an item.			
	1.3 (e.g. Execution of EPC contract)	Choose an item.			
	1.4 (e.g. Commissioning)	Choose an item.			
Output 2 (e.g.: Project management capacity is strengthened)	*2.1 (e.g. Project Office support (contracting of key personnel))*	Choose an item.			
	2.2 (e.g. Procurement of supervision consultants)	Choose an item.			
	2.3 Etc.	Choose an item.			
Output 3 Etc.	*3.1 Etc.*	Choose an item.			

[7] Activity Not Yet Due; Activity Started -ahead of schedule; Activity started – progress on track; Activity started but progress delayed; Activity start is delayed.
[8] Please provide all relevant specific inputs, milestones and deliverables relevant to the reporting period.
[9] Please provide all relevant specific inputs, milestones and deliverables relevant to the next reporting period.
[10] For Activities delayed, provide the respective explanation/justification.

2.3 PROGRESS UPDATE ON PROJECT INDICATORS OF THE LOGIC FRAMEWORK[11]

2.3.1 PROGRESS UPDATE ON FUND-LEVEL IMPACT INDICATORS OF THE LOGIC FRAMEWORK[12]

Fund-level impact Core indicators (Mitigation)	*Baseline*	*Current value[13]*	*Target (mid-term)*	*Target (final)*	*Variances from target (if any)*	*Variance from proposed methodology[14] (if any)*
Mitigation Core Indicator 1 *Tonnes of carbon dioxide equivalent (tCO2eq) reduced as a result of Fund-funded projects/programmes*	*Annual*	*Annual*	*Annual*	*Annual*		
	Lifetime	*Lifetime*	*Lifetime*	*Lifetime*		
Mitigation Core Indicator 2 *Cost per tCO2eq decreased for all Fund-funded mitigation projects/programmes*						
Mitigation Core Indicator 3 *Volume of finance leveraged by Fund funding (Disaggregated by public/private source)*	*Public*	*Public*	*Public*	*Public*		
	Private	*Private*	*Private*	*Private*		
Mitigation Impact Indicator 1 *(E.g. *Tonnes of carbon dioxide equivalent (tCO2eq) reduced or avoided emissions through increased low-emission energy access and power)*						
Mitigation Impact Indicator 2 *Etc.*						

[11] Per the approved Logic Framework of the Funding Proposal, please provide an update on the relevant indicators. Provide as Annex 2 an explanation of the methodology, including the main assumptions for each indicator.

[12] As per the relevant indicators following the Performance Measurement Framework established in the Funding Proposal and in relation to the indicators in Section 2.3.2, including relevant updates agreed with GCF, if applicable.

[13] As of ~~31 December~~ of the relevant year.

[14] As applicable, in relation to the methodology described in the Funding Proposal.

Fund-level impact indicators (Adaptation)	*Baseline*	*Current value[15]*	*Target (mid-term)*	*Target (final)*	*Variances from target (if any)*	*Variance from proposed methodology[16] (if any)*
Adaptation Core Indicator *Direct Beneficiaries[17]*	*Total direct beneficiaries (% of female)*	*Total direct beneficiaries (% of female)*	*Total direct beneficiaries (% of female)*	*Total direct beneficiaries (% of female)*		
Adaptation Core Indicator *Indirect Beneficiaries[18]*	*Total indirect beneficiaries (% of female)*	*Total indirect beneficiaries (% of female)*	*Total indirect beneficiaries (% of female)*	*Total indirect beneficiaries (% of female)*		
Number of total beneficiaries relative to total population[19]	*Total beneficiaries* *Number of Total Population* *Year: YYYY*	*Total beneficiaries* *Number of Total Population* *Year: YYYY*	*Total beneficiaries* *Number of Total Population* *Year: YYYY*	*Total beneficiaries* *Number of Total Population* *Year: YYYY*		
Adaptation Impact Indicator 1 *(E.g. Number of males and females benefiting from introduced health measures)*						
Adaptation Impact Indicator 2 *Etc.*						

[15] As of ~~31 December~~ of the relevant year.

[16] As applicable, in relation to the methodology described in the Funding Proposal.

[17] As defined in the Funding Proposal for the project.

[18] As defined in the Funding Proposal for the project.

[19] Relative to the total population of the country.

2.3.2 PROGRESS UPDATE ON PROJECT/PROGRAMME LEVEL INDICATORS OF THE LOGIC FRAMEWORK[20]

Project/Programme indicators (Mitigation/Adaptation)	*Baseline*	*Current value*[21]	*Target (mid-term)*	*Target (final)*	*Implementation Status*[22]	*Explanations if variances from target*	**Remarks (as applicable)**[23]
Indicator 1 (Outcome level) (Mitigation/Adaptation) *(e.g. 6.3 Mitigation: MWs of low-emission energy capacity installed, generated and/or rehabilitated as a result of GCF support)*					Choose an item.		
Indicator 1 (Output level) *(e.g. Wind power generation plant commissioned)*					Choose an item.		
Indicator 1.1 *(e.g. Sign Power Purchase Agreement (PPA))*					Choose an item.		
Indicator 1.2					Choose an item.		
Indicator 1.3, etc.					Choose an item.		
Indicator 2 (Outcome level) (Mitigation/Adaptation)					Choose an item.		
Indicator 2 (Output level)					Choose an item.		
Indicator 2.1					Choose an item.		
Indicator 2.2, etc.					Choose an item.		

[20] As per the relevant indicators following the Performance Measurement Framework and other indicators as established in the Funding Proposal, including relevant updates agreed with GCF, if applicable.
[21] As of 31 December of the relevant calendar year.
[22] Not Yet Due; Started -ahead of schedule; Started – progress on track; Started but progress delayed; Start is delayed.
[23] For Activities delayed, provide the respective explanation/justification.

2.4 IMPLEMENTATION TIMETABLE/MILESTONES FOR THE NEXT REPORTING PERIOD

Provide a timetable including milestones to be delivered for the next annual reporting period. This should be aligned with Section 2.2 and the project Implementation Timetable in Annex 1. Kindly specify milestones. Note that milestones for the next reporting period should be defined in more detail than originally planned since project managers should have a better idea of what milestones are to be achieved in their annual work plans than they may have had when the original project implementation timetable was included in the funding proposal.

Table below included for illustrative purposes.

TASK	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Output 1.												
Activity 1.1.	x	x	M(1)									
Activity 1.2.			x	x	x	x	x	M(2)				
Activity 1.3.			x	x	M(3)	x	x	M(4)				
...												
Output 2.												
Activity 2.1.							x	x	x	x	x	M(5)
Activity 2.2.							x	M(6)	x	x	x	M(7)
Activity 2.3.							x	x	x	x	x	M(8)

List of Milestones:

(1) Milestone 1 Description.
(2) Milestone 2 Description.
(3) Etc.

2.5 IMPLEMENTATION CHALLENGES AND LESSONS LEARNED[24]

Describe implementation challenges faced during the last reporting period, including measures adopted and lessons learned. In case of challenges that may result in a change of the scope of the project, please provide a description of such elements and considerations on the implementation period and final targets.

Challenge encountered	*Type*[25]	*Measures adopted*	*Impact on the project implementation*[26]	*Lessons learned and Other Remarks*
	Choose an item.		Choose an item.	
	Choose an item.		Choose an item.	

[24] If applicable, if there were challenges faced during implementation.
[25] Implementation; Legal; Financial; Environmental/Social; Political; Procurement; Other; AML/CFT; Sanctions; Prohibited Practices.
[26] Minor/Solved; Moderate; High.

2.6 REPORT ON CHANGES DURING IMPLEMENTATION
Describe changes to the project during the reporting period. In particular, the report should cover elements such as change of beneficial ownership structure, management changes of the Accredited Entity, policies and other elements relevant for the project, and any other material change that could influence the overall outcome of the project.

SECTION 3. FINANCIAL INFORMATION		
OVERVIEW OF THE FUNDED ACTIVITY (Please complete Sections 3.1 to 3.6 in Excel file "APR Section 3 Financial Information")	*For the Reporting Period (EUR/USD/JPY/GBP)*	*Cumulative (EUR/USD/JPY/GBP)*
Total Project Cost[27]:		
Total GCF financing to the Project:		
Total Amount of GCF Proceeds Disbursed to AE:		
Grant component:		
Loan Component:		
Equity Component:		
Guarantee Component:		
Total Amount:		
Total Amount of Funds used for the Funded Activity[28]:		
By Executing Entity 1:		
By Executing Entity 2, etc.:		
Total amount:		
Total Amount of Expenditures on the Funded Activity:		
Total Amount of funds Committed to the Funded Activity[29]:		
Amount of Other Inflows received by the AE[30]		
Total Amount of Reflowed Funds to GCF from AE:		
Closing balance of the AE for the Funded Activity[31]:		
Closing balance of the Executing Entity(ies) for the Funded Activity[32]:		
Absorption Capacity[33]		
Please provide a brief explanation in the case of variances between the executed budget (annual and cumulative) and the approved project cost/budget/approved amount absorption capacity		
COUNTRY SPECIFIC INFORMATION		
Total Amount of GCF Proceeds Disbursed by the AE for each Target Country of the Project:		
Country 1:		
Country 2, etc.:		
Date of First Cash Disbursement of GCF Proceeds by the Executing Entity:		

[27] Total project cost/budget including GCF proceeds and co-financing. In reference to the approved amount (for each relevant year and cumulative) as per the FAA.
[28] Including GCF Proceeds and co-financing.
[29] Including GCF and co-financing. Refers only to the items as of the reporting date where the AE/EE has signed a binding contract and the relevant expenses are not yet incurred.
[30] In relation to the Funded Activity, including bank interest earned, revenue from income generating activities, reflowed funds to the Accredited Entity, Value Added Tax/other tax refunds, proceeds from disposal of assets, etc.
[31] As of the end of the relevant period, the Closing Cash Balance resulting from the opening Cash Balance plus total Inflows, minus total Outflows in relation to the Funded Activity. Please refer to the Closing Balance expressed in section 3.1 (excel sheet attached).
[32] As of the end of the relevant period, the Closing Cash Balance resulting from the opening Cash Balance plus total Inflows, minus total Outflows in relation to the Funded Activity.
[33] The rate of utilization of the project cost/budget, i.e. total amount of funds used for the funded activity in the period expressed as a percentage of the total project cost/budget for the corresponding period.

SECTION 4: REPORT PROJECT SPECIFIC ON ENVIRONMENTAL AND SOCIAL SAFEGUARDS & GENDER

4.1 IMPLEMENTATION OF ENVIRONMENTAL AND SOCIAL SAFEGUARDS AND GENDER ELEMENTS (*max 1 page*)

Please provide information on the project or programme ESMP monitoring activities undertaken during the implementation of the funded activity.

Provide a report on the implementation of environmental and social management plans (ESMPs) and frameworks (ESMFs) describing achievements, and specifying (i) outputs and activities implemented during the reporting period; (ii) key environmental, social and gender issues addressed during implementation; (iii) pending key environmental, social and gender issues needing accredited entity's actions and GCF attention; (iv) changes of law/regulation, political environment and auditing standards and; (v) a list of planned activities for the next reporting period. For Category C or I-3 projects or programmes, describe the results of further environmental and social screening and the measures taken, if any, to manage environmental and social risks.

Additionally, include a description of the actions undertaken towards increasing the relevant stakeholders' engagement in the project environmental, social and gender elements, and a list on the grievances received due to breaches in environmental and social standards or gender standards in the reporting period that will include at least the description of the grievance, the date the grievance was received, and the resolution of the grievance. In case of a change in the E&S risk category for the project, please provide an explanation.

4.2 GENDER AND SOCIAL ACTION PLAN

Provide a progress report on the gender and social action plan developed during project preparation stage for the reporting period (if applicable). Provide updated indicators based on the gender assessment and gender and social inclusion action plan of the project.

Indicate primary challenges and actions addressing gender inequalities, gender-based needs, equal of access to resources, services, and capacity development, as well as equal participation and benefits in the scope of the project. If available, incorporate both quantitative data and a qualitative assessment of the performance of such actions, and on progress in the gender and social inclusion action plan.

4.3 PLANNED ACTIVITIES ON ENVIRONMENTAL AND SOCIAL SAFEGUARDS

Provide a list of activities in the ESMP to be implemented in the next reporting period. Include relevant deliverables such as reports or action plans, and other project specific products. Please include the monitoring schedule concerning ESS and gender activities for the next annual reporting period.

4.4 PLANNED ACTIVITIES ON GENDER ELEMENTS

Provide a list of activities to be implemented in the next reporting period. Include relevant deliverables such as reports or action plans, and other project specific products. Please include the monitoring schedule concerning gender activities for the next annual reporting period.

SECTION 5: ANNEXES

Annex 1. Updated implementation timetable for the Funded Activity.

Annex 2. Impact indicator assessment methodology[34], including the main assumptions for each indicator.

Annex 3[35]. Accredited Entity compliance reports (self-assessment reports[36], report on actions pursuant to Clause 18.02, if applicable[37]).

SECTION 6: ATTACHMENTS

Attachment 1. Unaudited/Audited financial statements (as required by FAA).

(If available. If not submitted, indicate date of submission.)

Attachment 2. Interim/Final evaluation report (as required by FAA).

(If available. If not submitted, indicate date of submission.)

Other Attachments. As applicable, such as detailed budget tables[38], loan repayment schedules to GCF (interest/principal), equity investment schedules, periodic portfolio reports[39], statements of capital account, valuation reports, credit guarantee agreements, investor reports, and others, as specified in the relevant legal agreements (e.g. Funded Activity Agreement, Shareholders Agreement)

[34] Provide an update on the methodology used for estimating impact indicators, including assumptions, values, and relevant changes from the Funding Proposal, if any.
[35] These reports can be provided as annexes to the APR or as separate reports for convenience of the Accredited Entity.
[36] In accordance with the Monitoring and Accountability Framework, a self-assessment of its compliance, in accordance with Clause 13.01 of the Accreditation Master Agreement, with the Fiduciary Principles and Standards, ESS and Gender Policy.
[37] Only applicable to International Accredited Entities. In accordance with the Monitoring and Accountability Framework, a report on its actions carried out or planned to be carried out pursuant to Clause 18.02 of the Accreditation Master Agreement.
[38] As included in the FAA.
[39] Summary information with respect to each Portfolio Company, in addition to a summary of Financial Results for the reported annual period.

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