

## THE IEU'S INDEPENDENT REVIEW OF THE GCF'S RESULTS MANAGEMENT FRAMEWORK\*

### BACKGROUND AND OBJECTIVES

At its fifth meeting in 2013, the Board of the Green Climate Fund (GCF) decided that the Fund's Results Management Framework (RMF) should enable effective monitoring and evaluation of the outputs, outcomes and impacts of the Fund's investments and portfolio, as well as the Fund's organizational effectiveness and operational efficiency.

According to this decision, the RMF should include measurable, transparent, effective and efficient indicators and systems to support the Fund's operations, including how the GCF addresses economic, social and environmental development co-benefits and gender sensitivity. The Board also decided that lessons learned should feed back into the design, funding criteria and implementation of GCF activities.

At its nineteenth meeting, the GCF Board requested the IEU to carry out a review of the Fund's RMF that would:

1. Assess the design, implementation, and utility of the RMF.
2. Develop recommendations based on the findings to help inform subsequent adaptive management.

### FINDINGS FROM THE IEU'S REVIEW

*The review identified important strengths in the RMF.*

**First**, the review found that the RMF assists countries in focusing their project proposals on result areas that the GCF prizes. The RMF has helped communicate to stakeholders the importance of focusing equally on the GCF's two mandated portfolio areas: adaptation and mitigation. Within the Fund, the RMF speaks to both these thematic frameworks.

**Second**, the RMF presents a **flexible menu of 43 core, impact and outcome indicators corresponding to the Fund's result areas**. For GCF projects targeting one theme, the number of required indicators projects



included in their reporting was likely to be between 4 to 6 indicators. The RMF does not identify or prescribe any output indicators, as the RMF is intended to be used flexibly by Accredited Entities (AEs).

*Despite these strengths, there are several areas where the RMF requires more work and represents lost opportunities for now.*

**First**, although the RMF and Performance Measurement Frameworks (PMFs) present a flexible menu, there is **no definition** and a **critical absence of protocols of these indicators** on how these indicators are to be measured, by whom, with what frequency and how. The two 'indicators' expected to inform the GCF's paradigm-shift objective are descriptions of the objectives, not indicators. This lack of definitions has led to confusion and inconsistent guidance to stakeholders.

\*The IEU's RMF review was submitted to the GCF Board at its twenty-first meeting.

## FINDINGS (CONT.)

Also, given the flaws in the underlying logic models, the **RMF provides insufficient guidance** on how, in the long-term, project outcomes are expected to contribute to the paradigm shift. In particular, the **logic models omit critical enabling conditions and ignore the overall strength and potential contributions** of the private sector.

**Second, the RMF lacks clarity in some of its key concepts.** In adaptation, 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 has affected the quality of project proposals. 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.**

**Third, the RMF has been marginal** in informing the decisions of the Secretariat and stakeholders. The review team found that proposals tend to be far more compliant in articulating indicators for other Board-approved frameworks, most notably the Investment Framework, the Monitoring and Accountability Framework and the Risk Management Framework.

Most specialists in the Secretariat do not use the RMF other than to classify impact and result areas. However, **there is no single, coherent management and consistent method for GCF staff to manage their investments for results**, despite the rich acknowledgement of the importance of results.

Furthermore, the current structure and process does **not incentivize incorporating frameworks for managing for results at an early stage**, as different divisions of the GCF are responsible for the approval, effective implementation and results management of projects.

**Fourth, although the RMF reaffirms that country ownership is an essential principle for Fund operations, the GCF does not produce guidance on the role of the National Designated Authorities (NDAs) beyond granting non-objection letters.**

This is a critical oversight, as the NDAs are central to ensuring countries own the results of GCF investments and are therefore important users of results from GCF projects. Consequently, the GCF is missing the opportunity to improve the coordination, management, reporting and use of results. Also, the **GCF's current systems for reporting project results completely bypass national monitoring and evaluation systems, and capacities.**

This is preventing the GCF from using national figures that could help and strengthen results reporting. Also, these national systems are potentially important conduits to disseminate the GCF's achievements and get reported in national reports on climate change commitments. Further, these national systems could help ensure many of the processes set up by GCF projects endure beyond the lifetime of individual projects.



The IEU's mission to Kigali, Rwanda July 2018

**Fifth**, a large proportion of the GCF projects reviewed have **not made sufficient provisions to ensure credible reporting of results. This has important implications for the 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 USD 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 the GCF's **approved projects do not plan to collect baseline data** and 70 per cent of the projects have **insufficiently planned and budgeted for monitoring and evaluation** to inform their targets credibly.

This problem is even greater for the measurement and reporting of indicators related to the GCF's investment criteria, where there is a **high risk for bias and overstating GCF investment results.** Reporting both 'planned' and 'actual' results is important and needs to be adopted by the GCF as standard practice. This will also ensure the GCF is leading the way in establishing best practice in the climate change world.

**Sixth**, the GCF Secretariat has started to develop a reporting and monitoring system for gender-related aspects of the Fund's portfolio. However, beyond the design of gender-sensitive reporting, **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.** It is necessary to further integrate these tools into the performance measurement framework and the monitoring and accountability framework, which guide project design and reporting.

The Fund also needs to set up a system for storing and retrieving 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 FROM THE IEU'S REVIEW

The IEU's review recommends that the Secretariat:

- **Develops theories of change** for key thematic areas and integrates these into project proposals early.
- **Updates PMF**, addresses deficiencies and develops protocols that provide guidance on what, who, when, and how indicators can and should be measured.
- **Harmonizes critical concepts and indicators** and develops standards and methods for new indicators for mitigation and adaptation projects by collaborating with other key agencies and stakeholders.
- **Develops a transparent web-based portfolio management system** that allows different stakeholders to view project-related information and progress in real time.
- **Develops a technical guide** that coherently and clearly integrates all relevant Board decisions and policies related to results management.
- **Attend to the roles and responsibilities** of accredited and implementing entities as part of its efforts to develop a risk-management system.
- **Clarifies the distinction in roles** between accredited entities and implementing entities.
- **Initiates a dialogue** with NDAs, AEs and other stakeholders to define the **appropriate role of the NDAs** throughout the project.
- **Clarifies roles and responsibilities internally** and ensures project preparation includes the **design and budgeting of monitoring and evaluation.**



## RECOMMENDATIONS (CONT.)

- Revises its indicators on gender to more fully address other **aspects of social inclusion** and integrates these into the RMF.
- Clarifies the Fund's gender- and social-inclusion impact and outcome priorities, especially regarding mitigation.

The review also recommends that the IEU:

- Prepares guidelines for project evaluations and conducts **regular evaluability reviews** to assess how likely projects are to report credibly on their impacts.
- Conducts an **independent review of the accreditation process** that examines the evaluability and likelihood of credible reporting of approved projects.

## BOX: METHODS

The review was carried out from March to August 2018. A desk review and an 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 built on a review of international experience, which identified the main challenges in the design of results management experienced by other international organisations.

The review team also consulted more than 100 stakeholders through key informant interviews and focus group discussions, including with staff from the GCF Secretariat, NDAs, and AEs.

Further, the team carried out a portfolio analysis of the GCF's approved projects and analysed available annual progress reports submitted to the GCF Secretariat. It also built on another portfolio review done by the IEU, that looked at the quality at entry of GCF proposals.

The review team also undertook three country evaluation missions - 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 IEU's mission to Quang Ngai, Viet Nam. July 2018

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