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# Initial set of guidelines for the effective functioning of the Independent Evaluation Unit

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## **Summary**

This document outlines an initial set of guidelines for the effective functioning of the Independent Evaluation Unit (IEU). The basis of these are provided by the terms of reference of the IEU (decision B.06/09, annex III) and of the Head of the IEU (decision B.10/05, annex V) that requests “detailed guidelines and procedures governing the work of the IEU to be approved by the Board.” In keeping with best practices, these guidelines will be finalized and presented to the Board for approval subsequent to the approval of the Fund’s Evaluation Policy.

## I. Introduction

1. The terms of reference<sup>1</sup> (TORs) of the Head of the Independent Evaluation Unit (IEU), which were approved by the Board of the Green Climate Fund (GCF) at its tenth meeting, include the request that *“detailed guidelines and procedures governing the work of the IEU to be approved by the Board. The procedures will be updated as necessary and approved by the Board so as to always ensure that the procedures allow for the work of the IEU to be carried out efficiently and in a cost-effective manner while meeting best international standards.”*

2. This document presents an initial set of guidelines for the efficient functioning of the IEU. The guidelines are based on the TORs for the IEU and the TORs for the Head of the IEU approved by the decision B.06/09 and decision B.10/05, respectively. Given that the Evaluation Policy may affect these guidelines, these are provided for information to the GCF Board. The IEU will prepare a final version of the guidelines for Board review and approval once the Fund’s Evaluation Policy is approved.

## II. The mandate of the IEU

3. The Governing Instrument for the Green Climate Fund provides that:

*“59. There will be periodic independent evaluations of the performance of the Fund in order to provide an objective assessment of the results of the Fund, including its funded activities and its effectiveness and efficiency. The purpose of these independent evaluations will be to inform decision-making by the Board and to identify and disseminate lessons learned. The results of the periodic evaluations will be published.*

*60. To this end, the Board will establish an operationally independent evaluation unit as part of the core structure of the Fund. The head of the Unit will be selected by, and will report to, the Board. The frequency and types of evaluation to be conducted will be specified by the unit, in agreement with the Board.*

*61. Reports of the Fund’s independent evaluation unit will be provided to the COP for purposes of periodic reviews of the financial mechanism of the Convention.*

*62. The COP may commission an independent assessment of the overall performance of the Fund, including Board performance.”*

4. The IEU was established by the Board and its TORs were approved at the sixth meeting of the GCF Board<sup>2</sup> with the following objectives, derived from the Governing Instrument:

*(a) Informing the decision-making by the Board and identifying and disseminating lessons learned, contributing to guiding the Fund and stakeholders as a learning institution, providing strategic guidance;*

*(b) Conducting periodic independent evaluations of Fund’s performance in order to provide an objective assessment of the Fund’s results and the effectiveness and efficiency of its activities; and*

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<sup>1</sup> Annex V to decision B.10/05

<sup>2</sup> Annex III to decision B.06/09

*(c) Providing evaluation reports to the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) for purposes of periodic reviews of the financial mechanism of the Convention.*

5. In addition, the TORs provide for the independence of evaluation and role of the Board<sup>3</sup>:
- “3. According to the best-practice norms and standards for independent evaluation, the evaluation function should be located independently from the other management functions so that it can be free from undue influence. It needs to have full discretion in directly submitting its reports. The Head of the IEU will be appointed by, and report to, the Board, potentially through a designated Board committee. The appointment will be for a three-year term. The recruitment process will be conducted in a transparent manner and in consultation with the Board. The Head of the IEU can be removed only by decision of the Board. To preserve independence, upon termination of service as the IEU Head, he/she will not be eligible for staff positions within the Secretariat.*
- 4. The staff of the IEU will be subject to the Code of Conduct of Staff.*
- 5. The Board will review and approve the evaluation policy, three year-rolling evaluation work plans, the annual work programme and budget. It will also review, on an annual basis. The progress in the implementation of IEU recommendations.”*

6. To ensure independence of the Unit, as per the Governing Instrument and the TORs of the IEU, the Board adopted the TORs of the Head of the IEU<sup>4</sup>. The TORs of the Head of the IEU state: “To preserve operational independence, upon termination of service as the Head of the IEU, he/she shall not be eligible for any type of employment by the Fund within one year of the end of his/her appointment.” Further, the TORs of the Head of the IEU identify the following responsibilities to provide for operational and financial independence:

- (a) Proposing a budget for meeting the annual expenses of the unit, to ensure its financial independence, which will be considered and approved by the Board; and
- (b) Leadership and management of the unit, including the authority to make appointments and manage staff of the unit.

### **III. Role and Responsibilities of the IEU**

#### **3.1 Overall function of the IEU**

7. The TORs of the IEU state that:
- “12. The IEU will be responsible for conducting, or managing by contracting consultants, the types of evaluations mentioned in Section V, using as much as possible internally generated data streams and analytical outputs, and applying the best evaluation norms and standards. The use of technical expert panels or similar mechanisms may be appropriate, as recommended in the case of the GEF by the peer review of its evaluation function. The IEU will ensure that evaluation team members do not have conflicts of interest with respect to the activities in whose evaluation they will be involved. Finally, the IEU will be responsible to develop and update the evaluation policy of the Fund.”*

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<sup>3</sup> Decision B.06/09

<sup>4</sup> Annex V to decision B.10/05

8. To ensure independence of the Unit, as per the Governing Instrument and the TORs of the IEU, the Board adopted the TORs of the Head of the IEU<sup>5</sup>. Accordingly, the Head of the IEU is selected by the Board, for a three-year term, renewable once and her/his performance is assessed annually (which also determines performance-based salary increments), through a procedure for performance review developed by the Performance Oversight Committee of the Board<sup>6</sup>. She/he reports and communicates directly with the Board and its Co-Chairs.
9. The TORs of the Head of the IEU identify the following responsibilities:
- (a) Conducting or managing, by contracting consultants, evaluations using as much as possible internally generated data streams and analytical outputs, and applying evaluation standards and practice in accordance with best international practice and standards. The use of technical expert panels or similar mechanisms may be appropriate, as recommended in the case of the Global Environment Facility by the peer review of its evaluation function. The Head of the IEU will ensure that evaluation team members do not have conflicts of interest with respect to the activities in whose evaluation they will be involved;
  - (b) Defining the independent evaluation policy contributing to the Fund's knowledge management process;
  - (c) Developing and updating the independent evaluation policy of the Fund, as reiterated in annex IX to decision B.08/07; and
  - (d) Proposing detailed guidelines and procedures governing the work of the IEU to be approved by the Board. The procedures will be updated as necessary and approved by the Board so as to always ensure that the procedures allow for the work of the IEU to be carried out efficiently and in a cost-effective manner while meeting best international standards.

## 3.2 Evaluations

10. Further to the objectives of the IEU identified in the TORs (para. 2) the terms of reference state the following responsibilities, among others:
- "6. Should the COP commission an independent assessment of the overall performance of the Fund, the IEU would support the work involved in such assessment. An overall performance study of the Fund could become a responsibility of the IEU, as has been the case with the Global Environment Facility (GEF) Evaluation Office since 2007."*
11. The TORs of the IEU further identify types of evaluation and the Fund's result areas:
- "13. Given that the Fund will pursue a country-driven approach, after its first years of operation the IEU may perform evaluations of the activities funded in different countries, i.e. country portfolio evaluations.*
- 14. Furthermore, the IEU may also perform thematic evaluations of the different types of activities that the Fund will finance, such as those designed to enable and support enhanced actions on climate change adaptation or mitigation. With time, these thematic evaluations may cover all the results areas of the Fund.*
- 15. In addition, as the Fund will support developing countries in pursuing project-based and programmatic approaches in accordance with climate change strategies and plans,*

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<sup>5</sup> Annex V to decision B.10/05

<sup>6</sup> Decision B.21/13

*such as low-emission development strategies or plans, nationally appropriate mitigation actions (NAMAs), national adaptation plans of action (NAPAs), national adaptation plans (NAPs) and other related activities, the IEU may also perform evaluations of those project-based and programmatic approaches.*

*16. The types of evaluation mentioned above will provide the Board and the COP with an independent assessment of the Fund's operations. These evaluations could also be used as building blocks for an overall assessment of the Fund. To maximize the value added of IEU evaluations, the IEU will prepare its work plans after consulting with the Board and the Secretariat. All these evaluations will be performed mainly by independent consultants managed by the IEU"*

12. The following evaluation criteria are identified in the TORs of the IEU:
  - (a) Relevance, effectiveness, efficiency, impact and sustainability of projects and programmes;
  - (b) Coherence in climate finance delivery with other multilateral entities;
  - (c) Gender equity;
  - (d) Country ownership of projects and programmes;
  - (e) Innovativeness in result areas (extent to which interventions may lead to paradigm shift towards low-emission and climate resilient development pathways);
  - (f) Replication and scalability - the extent to which the activities can be scaled up in other locations within the country or replicated in other countries (this criterion, which is considered in document GCF/B.05/03 in the context of measuring performance, could also be incorporated in independent evaluations); and
  - (g) Unexpected results, both positive and negative
13. The TORs of the Head of the IEU state the following responsibilities:
  - (a) Providing evaluation reports to the Conference of the Parties of the United Nations Framework Convention on Climate Change for the purposes of periodic review of the Financial Mechanism of the Convention; and
  - (b) Preparing and submitting periodic progress reports to the Board, as and when required, and an annual report that will also be disseminated to the public.
  - (c) The independent evaluation work is separate from the day-to-day monitoring and evaluation (M&E) work of the Secretariat as per paragraph 23 (j) of the Governing Instrument;
  - (d) Making recommendations to improve the Fund's performance, in the light of the unit's evaluations, including in particular to the Fund's performance indicators and its results management framework; and
  - (e) Attesting to the quality of the Fund's self-evaluations conducted by the Secretariat.

### 3.3 Advisory services, Capacity building and learning

14. Associated with the learning function accorded to the IEU by the Governing Instrument and objectives of the IEU, the TORs identify the following responsibilities:

*7. Furthermore, 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.*

*8. In addition, the IEU will attest to the quality of the Fund's self-evaluation conducted by the Secretariat.*

*10. The IEU will actively participate in relevant evaluation networks to ensure that it is at the frontier of evaluation practice and that it benefits from relevant initiatives undertaken by other evaluation units.*

*11. The IEU will establish close relationships with the independent evaluation units of the intermediaries and implementing entities of the Fund and will seek to involve them in their activities wherever feasible and appropriate.*

15. The TORs of the IEU provide that:

*"20. In the initial phase of its operations, the Fund will be exclusively be working through subnational, national, regional and international implementing entities and intermediaries. Thus, it will be of necessary to define the delineation of roles and responsibilities of the Fund's IEU and those of the independent evaluation mechanisms of implementing entities and intermediaries.*

*21. The Fund's IEU should closely cooperate with the relevant departments or units of implementing entities and intermediaries and should seek to involve them in its activities wherever feasible.*

*22. The relationship between the IEU and the corresponding body of implementing entities or intermediaries will be covered by agreements which will be entered into by the Fund with these entities or intermediaries which will require these to cooperate with the Fund's IEU, where required.*

*23. The IEU will support the strengthening of evaluation capacities in subnational, national and regional IEs and intermediaries to enable evaluation of their Fund portfolio activities. Over time, in those countries in which there are sub-national, national or regional intermediaries or implementing entities with evaluation capacities, the IEU could involve them in Fund evaluations."*

16. The TORs of the Head of the IEU identify the following responsibilities:

- (a) Providing recommendations to accredited entities on how to design projects/programmes and monitoring of those activities so as to improve the ability of the IEU to provide quality evaluation of the Fund's activities;
- (b) Establishing close relationships with the equivalent units of the accredited entities in order to avoid duplication of their respective activities, and sharing lessons learned to ensure continuous learning; and
- (c) Developing plans to ensure that evidence informs learning across the Fund.

### 3.4 Synthesis and communication

17. The TORs of the IEU provide that:

*“9. The IEU will synthesize the findings and lessons learned from its evaluations to inform the Board and the Executive Director as well as stakeholders.”*

18. The TORs of the IEU further provide for feedback and knowledge management:

*“18. Independent Evaluation Unit evaluations will be published and reports will be provided to the COP for its periodic reviews of the financial mechanism of the Convention.7*

*19. Evaluation results should feed back into the design phase, thus contributing to enhancing the quality of funded activities. To facilitate this process, the IEU will periodically prepare brief notes synthesizing lessons learned from evaluations.”*

19. The TORs of the Head of the IEU identify the following responsibilities:

- (a) Synthesizing and sharing the findings and lessons learned from the unit’s evaluations with key internal and external audiences in order to inform decision-making by the Board and the Executive Director, as well as among accredited entities;
- (b) In addition to synthesizing the findings and/or lessons learned, disseminating/communicating results with relevant audiences;
- (c) Participating actively in relevant evaluation networks in order to ensure that the IEU is at the frontier of results, evaluation and learning practice and that it benefits from relevant initiatives undertaken by other evaluation units; and
- (d) Establishing close relationships with the independent evaluation units of the accredited entities of the Fund, and seeking to involve them in their activities and to share learning wherever feasible and appropriate.

#### **IV. Workplan, budget and annual report of the IEU**

20. According to paragraph 5 of the TORs of the IEU: “The Board will review and approve the evaluation policy, three year-rolling evaluation work plans, the annual work programme and budget. It will also review, on an annual basis. The progress in the implementation of IEU recommendations.” Further, paragraph 16 states: “To maximize the value added of IEU evaluations, the IEU will prepare its work plans after consulting with the Board and the Secretariat.”

#### **V. Administrative matters**

21. Staff of the IEU are subject to GCF Code of Conduct of Staff, according to paragraph 4 of IEU’s TORs.

#### **VI. Next steps**

22. The IEU will engage with key stakeholders to develop guidelines and procedures related to capacity building, processes and methods for evaluations, management responses and capacity building. This will be undertaken in consultation with the Board, the GCF Secretariat, representatives of accredited entities, civil society representatives and international leaders and will represent best practices in the field.