

## Annex I: Evaluation Policy for the GCF

### I. Basis for the GCF evaluation function

1. The Governing Instrument (GI) for the Green Climate Fund (GCF or the 'Fund') emphasizes the importance of evaluation for the Fund. Specifically:
  - (a) Paragraph 3 calls upon "the Fund ... [to be] a continuously learning institution guided by processes for monitoring and evaluation";
  - (b) Paragraph 18(i) articulates the Board's role in establishing a framework for the monitoring and evaluation of performance and the financial accountability of activities supported by the Fund;
  - (c) Paragraph 18(l) articulates the Board's role in appointing the head of the evaluation unit and the heads of all accountability units;
  - (d) Paragraph 23(j) specifies the Secretariat will be responsible for carrying out monitoring and evaluation functions;<sup>1</sup> and
  - (e) Paragraphs 59–62 discuss independent evaluations, the purpose of which are to inform decision-making by the Board and to identify and disseminate lessons learned. Specifically:
    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.*
2. In addition, the initial monitoring and accountability framework (MAF) for accredited entities (AEs) requires all AEs to submit two important independent evaluations for all projects or programmes, these being the project interim and final evaluations. These are submitted to the GCF as per a timeline agreed upon by the Secretariat and the AE.<sup>2</sup>
3. At its sixth meeting, the Board approved the terms of reference (TOR) of the Independent Evaluation Unit (IEU) (decision B.06/09), which provided that "the IEU will be responsible to develop and update the evaluation policy of the Fund".<sup>3</sup>

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<sup>1</sup> In decision GCF/B.10/05 annex V, the TOR of the Head of the IEU, the Board clarified that, "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".

<sup>2</sup> GCF/B.11/10.

<sup>3</sup> The TOR of the IEU were adopted by the Board in decision B.06/09, and can be accessed here: <<https://ieu.greenclimate.fund/document/ieu-tor>>

4. At its nineteenth meeting, the Board, in decision B.19/21, requested the IEU to prepare the Evaluation Policy (herein “the Policy”) for the GCF. As noted in this decision, the TOR of the IEU requests that it “develop and update the evaluation policy of the Fund”.
5. At its twenty-fourth meeting, the Board confirmed the Policy is a GCF-wide policy that guides the Board, the Secretariat, the IEU, other independent units, AEs and national designated authorities (NDAs)/focal points.
6. Also at its twenty-fourth meeting, with decision B.24/15, the Board agreed to amend the TOR of the Head of the IEU to reflect that the role encompasses “developing and updating the evaluation policy of the GCF” in accordance with B.24/15 paragraph (c). In the same decision, the Board also confirmed the IEU and the Secretariat jointly clarify and delineate the roles, responsibilities and accountabilities in the Policy, and requested the IEU and the Secretariat to present the draft Policy for Board consideration.

## II. Objective

7. The objective of the Policy is to set out the approach of the GCF to evaluations, including establishing principles and criteria for evaluations, identifying the main types of evaluations managed by the GCF, and establishing the roles and responsibilities of stakeholders in relation to such evaluations. The Policy is adopted by the Board, and its stakeholders include the Secretariat, the IEU, the independent Redress Mechanism, the Independent Integrity Unit (IIU), AEs, NDAs, civil society, the private sector and others.
8. The Policy sets up a framework to help the Fund and its stakeholders produce and use high-quality evaluations to credibly and objectively assess the results, performance, efficiency and effectiveness of the GCF in delivering its mandate. In this way, the Policy is designed to cover a robust evaluation function that contributes to the overall performance of the Fund through developing accountability and creating a culture of learning built from producing and using impartial, credible, independent and trusted evidence and evidence-informed strategies and implementation.

## III. Scope of the Evaluation Policy

9. The Policy is a GCF-wide policy that guides the Board, the Secretariat, the IEU, other independent units, AEs and NDAs/focal points.
10. The scope of the Policy covers the evaluation functions of the Fund exercised by the IEU, the Secretariat and AEs as defined under the GCF GI; decisions adopted by the Board; relevant TOR; and legal agreements. This evaluation function helps the Fund credibly and objectively assess and measure its performance, results, effectiveness and efficiency in delivering its mandate, including its contribution to promoting a paradigm shift towards low-emission and climate-resilient development pathways. The Policy also covers how the Fund may respond to the evaluation-capacity development needs of AEs and other entities associated with the GCF.
11. The Policy may also guide other stakeholders engaged in GCF activities – with whom the Fund does not have a formal relationship – on the evaluation approach, criteria and practices of the Fund, and be used on a voluntary basis to inform their own evaluations of Fund activities.
12. The Policy does not cover the monitoring functions of the Fund and its staff, except those directly related to the evaluation function.

## IV. Theory of change

13. The overall theory of change for the evaluation function is based on the following rationale: trusted, high-quality evidence produced from credible evaluations helps to inform GCF investments, policies, structure, performance, processes and strategies by informing and guiding the Fund for its day-to-day operations and providing strategic guidance to the Board, the Secretariat, independent units and AEs. This, in turn, ensures GCF investments have greater impact and that they are expected to contribute to building a healthier planet.

14. The theory of change underscores the critical roles the Board, the IEU, the Secretariat, NDAs, AEs and civil society organizations (CSOs) play in ensuring successful implementation of the Policy. For the overall aims of the Policy to be met, important conditions need to be fulfilled.

- (a) First, the Policy assumes there is widespread recognition of the value of evaluations – both in accountability and learning – by the Board, the IEU, the Secretariat and the GCF system overall. It is expected that this will be illustrated, for example, by high internal and external demand for high-quality evaluations, as requested (and approved) by the Board or the Secretariat. It is also assumed that the Board, the Secretariat, AEs and NDAs routinely use high-quality evaluations and evidence to inform their strategic decisions.

The Policy also assumes the Board provides strong guidance, supports the evaluation function and Policy, and reviews actions from recommendations that originate from evaluations. The Policy assumes that the Board, the IEU and the Secretariat provide sufficient and useful guidance and create appropriate enabling conditions for producing and using high-quality evaluations.

- (b) Second, it assumes there is sufficient human, institutional and systems capacity within the Fund and AEs to inform, undertake and use high-quality evaluations in a timely manner. It especially assumes that the IEU and the Secretariat are well-resourced and that there is the recognition and capacity to implement and inform good quality evaluations, and ensure that evaluative evidence is used. It also assumes that all GCF support provides sufficiently for the data and information that are required to inform high-quality evaluations and evidence. Requirements for capacities and resources will be laid out in the standards and guidelines/procedures that will be developed subsequent to the Policy being approved.
- (c) Third, the Policy assumes that the GCF evaluation criteria will be used consistently by the GCF stakeholders to whom the Policy applies for the evaluation function. The GCF evaluation criteria (appendix II) are based on the evaluation criteria in the IEU TOR, and also take into account the MAF.

## V. Principles for evaluations

15. All evaluations undertaken by the IEU, the Secretariat and AEs will uphold the following principles:

- (a) Impartial, objective and unbiased: All GCF evaluations (section VII) will be impartial, objective and unbiased. All evaluations will be operationally and analytically unbiased and will adhere to the highest ethical standards while upholding the Fund's procedures and policies that address conflicts of interest<sup>4</sup> and those that are specific to the

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<sup>4</sup> GCF/B.10/13/Rev.01. Policies on Ethics and Conflicts of Interest, 8 July 2015. GCF/B.09/03. Policy on Ethics and Conflicts of interest for the Board, 16 April 2015.

evaluation profession. These include, for example, the United Nations Evaluation Group’s (UNEG) Code of Conduct for Evaluations (2008);<sup>5</sup>

- (b) **Relevance, use and participation:** All evaluations must be relevant to the question at hand and should be suitable for decision-making, accountability and learning. They should provide relevant guidance, and should be timely and participatory;
- (c) **Credibility and robustness:** All GCF evaluations need to be complete, fair and based on state-of-the-art standards of evidence, analyses and transparency. Methodologies used should be credible enough such that findings and conclusions of evaluations would be replicable if others followed a similar evaluation methodology; and
- (d) **Measurability:** All evaluations should, to the extent possible, be able to measure, either quantitatively or qualitatively, the performance of the GCF at all levels. This will only be possible if GCF investments incorporate the capacity and systems for rigorous data collection and real-time information in its investments, policies and frameworks. Measurability also provides comparability between time frames, groups or alternative theories.

**Table 1: GCF evaluation principles**

GCF EVALUATION PRINCIPLES	PROVISIONS FOR UPHOLDING THE GCF EVALUATION PRINCIPLES
Impartial, objective and unbiased	<p>At institutional level, impartiality, objectivity and unbiased principles will be ensured by an independent mandate, clear roles and responsibilities, sufficient and predictable IEU and overall evaluation budgets, independent reporting lines and independent quality assurance. High-quality, independent evaluations/reviews/assessments must be free from external influence and bias in their design, selection, frameworks, data collection, analysis, findings, conclusions, and recommendations.</p> <p>In accordance with this, all evaluations undertaken by the IEU and AEs’ independent evaluation offices are considered independent since they are independent of management and operations, use independently collected information and widely recognized standards and methods, include systems, methods, ethical guidelines and processes to ensure impartiality, objectivity and unbiasedness, have independent budgets and reporting lines, report directly to their governing bodies and produce evaluations/reviews/assessments that are openly available and disseminated publicly.</p> <p>In line with the UNEG norms, evaluation team members must not be directly responsible for the policy-setting, design or management of an evaluation subject.</p>
Relevance, use and participation	<p>All evaluation approach papers should have a well-defined dissemination and knowledge management plan.</p> <p>To ensure use and relevance, the choice and timing of evaluations should maximize benefits for stakeholders and should encourage the participation of all relevant stakeholders. High-quality evaluations should indicate the extent to which their results inform the replication and scaling up of investments, operations, policies and practices, and inform how and to what extent there are potential impacts on stakeholders.</p> <p>Recommendations from all evaluations should be presented to and discussed with the commissioning authority (e.g. the Board, the Secretariat), and be clear on</p>

<sup>5</sup> The IEU is to develop guidelines for conflicts of interest in evaluations, taking into consideration the GCF policies on conflicts of interest. The IEU is an observer in UNEG.

GCF EVALUATION PRINCIPLES	PROVISIONS FOR UPHOLDING THE GCF EVALUATION PRINCIPLES
	responsibility and timing. In the case of GCF independent evaluations, decisions from the Board in relation to these evaluations should be followed up by the Secretariat/the evaluand, in consultation with other relevant GCF stakeholders.
Credibility and robustness	All GCF evaluations must incorporate pre-determined protocols or approaches or evaluation matrices, be based on well-researched scoping work, and must use high-quality, independent and relevant data and independent analyses. Findings and results must be triangulated using different methods (ideally 'mixed-methods') and should be benchmarked against similar programmes to ensure best learning. They should also contribute to and be informed by evidence reviews, which will enable GCF evaluations to build on existing bodies of relevant global evidence.

16. All evaluations should focus on using credible and independent data and methodologies that measure and assess what, how, and how much the GCF is contributing to the mitigation of and adaptation to climate change. Mixed methods are standard across the world and should be employed by all GCF evaluations.

## VI. Evaluation criteria

17. The GCF evaluation criteria as set out in appendix II shall be applied to all GCF evaluations conducted by AEs, the Secretariat and IEU.

18. The GCF evaluation criteria will only apply to entities accredited after the effective date of this Policy, and for all other entities at the time of their reaccreditation, as explained in paragraph 13(iii).

## VII. Types of evaluations

19. The Policy recognizes three types of evaluations.

20. GCF independent evaluations: Evaluations conducted, commissioned and/or managed by the IEU in accordance with paragraphs 59–61 of the GI, and the IEU-approved TOR.

21. Secretariat-led evaluations: Evaluations commissioned and/or managed by the Secretariat to fulfil its role on monitoring and evaluation. As stated in its TOR, the IEU may also attest to the quality of self-evaluations if requested by the Board.

22. AE-led evaluations: Project interim and final evaluations that must be submitted to the GCF by AEs in relation to all approved GCF projects or programmes in accordance with the MAF, and which are subsequently considered by the GCF.<sup>6</sup> These are required from all AEs (and are submitted to the GCF as per a timeline agreed in the funded activity agreement (FAA)).<sup>7</sup> The interim and final evaluations are critical for informing and improving the implementation of projects or programmes, and for helping the Fund to report on results and lessons relevant to

<sup>6</sup> These are required from all AEs and submitted to the GCF per the timeline agreed by the Secretariat and the AE. B.11/10. Decisions of the Board – Eleventh meeting of the Board, 2–5 November 2015 (agenda item 15: initial monitoring and accountability framework for accredited entities).

<sup>7</sup> B.11/10. Decisions of the Board – Eleventh meeting of the Board, 2–5 November 2015 (agenda item 15: initial monitoring and accountability framework for accredited entities).

GCF objectives. All project-level evaluations should be submitted to the Secretariat. Accredited entities may conduct impact evaluations for GCF funded activities, in collaboration with the GCF.

23. The IEU will be responsible for guiding, assisting and advising on real-time impact assessments/evaluations (such as learning-oriented real-time impact assessments (LORTA)) for a selection of the GCF funded activities portfolio. The IEU would select projects/programmes in coordination with the Secretariat, which will further participate in the implementation of LORTA for learning purposes.

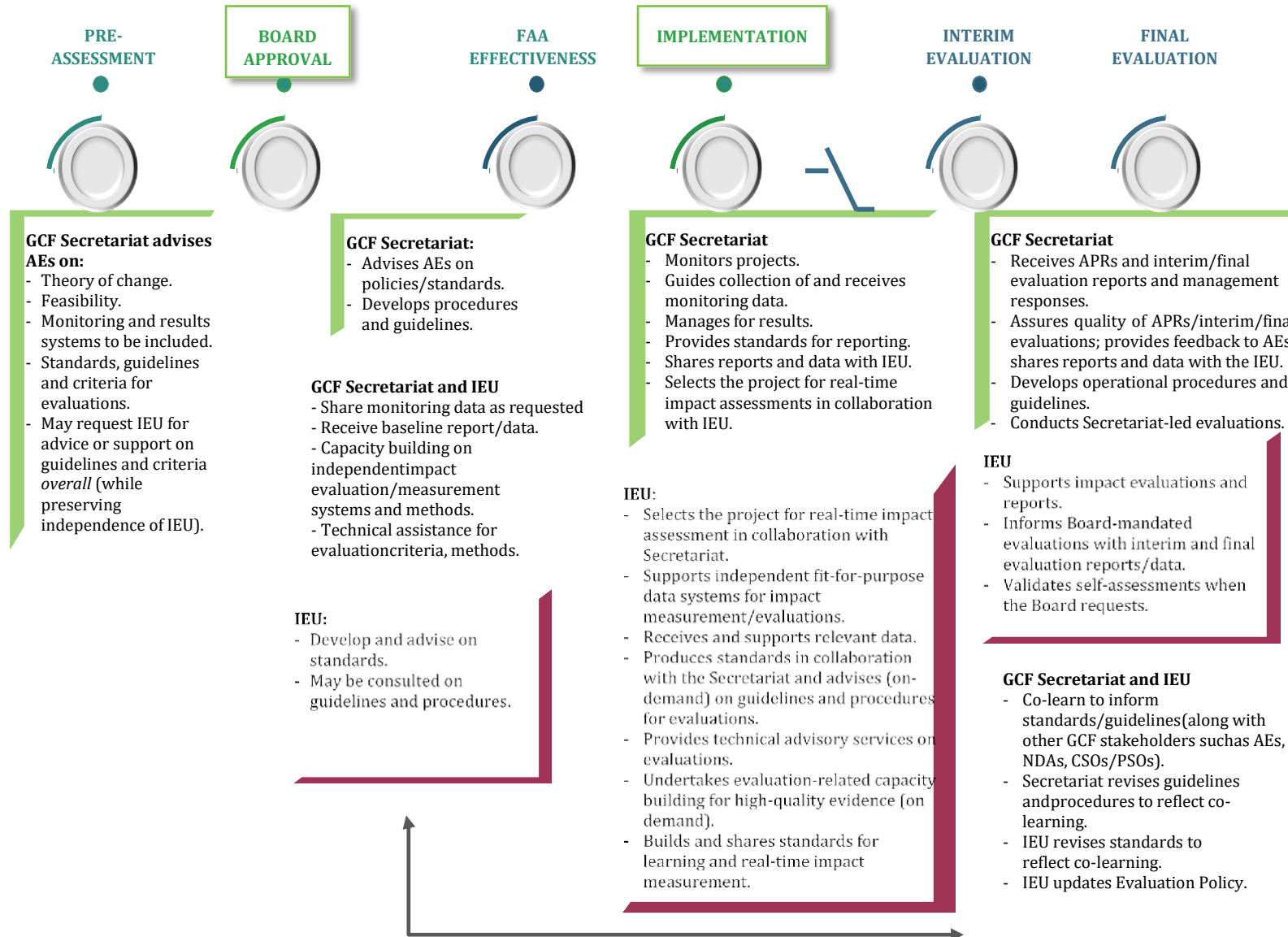
24. The Fund may also carry out ex-post evaluations following the end of project/programme implementation at its own cost, and with reasonable notice to AEs. These evaluations can either be Secretariat-led evaluations or IEU independent evaluations. Accredited entities, in accordance with the relevant legal agreements, shall cooperate with the Fund in the conduct of such evaluations and provide such information and documentation as may be reasonably requested by the Fund.

**Table 2: Roles for IEU, Secretariat and AEs (including their independent evaluation offices) and categories of evaluations**

EVALUATION CATEGORIES	ROLE OF IEU	ROLE OF AEs (INCLUDING INDEPENDENT EVALUATION OFFICES OF AEs)	ROLE OF SECRETARIAT
IEU independent evaluations	Responsible	Cooperates with the IEU independent evaluations.  Under this policy and in accordance with the relevant legal agreements with the GCF, informs and shares/provides monitoring data – and all other reports beyond the requirements laid out in the MAF – with the IEU in a timely manner. Facilitates engagement with project/programme stakeholders on the ground in the evaluation of GCF investments.	Informs and shares/provides relevant data, including annual performance reports (APRs), and shares all reports with the IEU in a timely manner for Board-mandated evaluations.  Facilitates engagement with project/programme stakeholders in the evaluation of GCF investments, as appropriate.
Secretariat-led evaluations	Performs quality assurance upon request by the Board.	In accordance with the MAF and relevant legal agreements, informs, provides/shares monitoring data and relevant project reports.  Facilitates engagement with project/programme stakeholders on the ground in the evaluation of GCF investments.  Shares at its discretion reports related to GCF investments, in a timely manner.	Responsible.  Informs and engages with AEs, NDAs, and other GCF stakeholders to access data relevant for Secretariat-led evaluations.  Engages with the IEU in Board-mandated quality assurance of Secretariat self-evaluations.

EVALUATION CATEGORIES	ROLE OF IEU	ROLE OF AEs (INCLUDING INDEPENDENT EVALUATION OFFICES OF AEs)	ROLE OF SECRETARIAT
AE-led evaluations	Reviews efficiency and effectiveness of Secretariat on operationalization and enforcement of evaluation policy and standards.	<p>Responsible.</p> <p>In accordance with the relevant legal agreements with the GCF, the AEs' independent evaluation offices are responsible for either producing or quality-assuring interim/final evaluations at AE level. (When no structural independent office is available, the AE reports exception to the Secretariat.)</p> <p>Submits reports of interim and final evaluations to the Secretariat.</p> <p>Shares, at its discretion, reports with the GCF relating to the knowledge-sharing and learning function of the GCF, in a timely manner.</p> <p>Shares monitoring data and other relevant project data, implementation/evaluation reports with IEU in support of Board-mandated independent evaluations.</p>	Responsible, or quality assures AE project/programme evaluation reports in line with the MAF, GCF policy and legal agreements, to ensure compliance with the GCF Evaluation Policy and standards and guidelines.

**Figure 1: GCF funding proposals: Roles of Secretariat and IEU**





## VIII. Institutional arrangements, roles and responsibilities

25. The following roles are anticipated.

26. **The United Nations Framework Convention on Climate Change (UNFCCC) and the Conference of the Parties (COP):** The GCF has been established as per a decision of the COP, and the monitoring and evaluation function of the Fund is placed within the Secretariat. The Board established an operationally independent IEU as part of the core structure of the Fund.

27. As per the GI of the GCF, the UNFCCC/COP may commission an independent assessment of the overall performance of the Fund. As per the TOR of the IEU, the IEU is required to submit its independent reviews to the COP to inform periodic reviews of the GCF, including an overall performance study of the Fund.

28. **The Board:** Approves the Policy, and safeguards its effectiveness and implementation. It receives evaluations/assessments/reviews undertaken by the IEU and receives management responses from the Secretariat. The Board is expected to actively consider findings and recommendations from IEU evaluations, and to incorporate them into the policies and advice it provides to the Fund overall. The Board also receives management action reports prepared by the IEU.

29. **The Secretariat:** The Secretariat, together with other GCF stakeholders, is responsible for building a corporate culture that fosters learning and incorporates evaluation findings and recommendations into its decision-making, management, operations, strategies, budgets and practices. The Secretariat shall ensure in its strategic and working plans, that there are adequate human and financial resources requested from the Board, for implementing the Policy and undertaking monitoring and evaluation functions, and managing GCF investments for results (also see figure 1).

30. The Secretariat can provide guidance to ensure GCF projects and programmes have adequate resources devoted to undertaking evaluations during approval. The Secretariat also manages, commissions and supports evaluations/reviews/assessments of programmes, strategies, processes and policies and of selected GCF investments (in agreement with the AEs) in accordance with the Secretariat's Board-approved work plan.

31. The Secretariat is also responsible for receiving, reviewing and assuring the quality of interim and final evaluations. These independent or self-evaluations will be submitted to the GCF by the AE in line with the MAF.

32. The Secretariat shall provide guidance on collecting and reporting monitoring data. These data are critical for informing the processes and outputs of the Fund's activities, as well as their implementation fidelity and evaluations overall. In its role, the Secretariat is expected to inform the performance-measurement frameworks of GCF projects and programmes.

33. The Secretariat, in coordination with IEU, will develop operational guidelines and procedures to be used by AEs in undertaking evaluations.

34. With respect to project/programme evaluation reports and APRs, as well as other necessary data, the Secretariat will, in accordance with the requirements of the Fund's Information Disclosure Policy (IDP), create a mechanism to systematically share them on a publicly available database.

35. In instances where information is required by IEU for the completion of Board-commissioned evaluations (the reviews of which have not been completed by the Secretariat), or where confidential information has been redacted from publicly available versions, the Secretariat will share this information with the IEU within a reasonable time frame. Service-

level agreements that include timelines for the sharing of such reports may guide the interactions between the Secretariat and the IEU.

36. The Secretariat will also receive evaluations undertaken by the IEU and prepare management responses for Board review.

37. The Secretariat, in line with the execution of the GCF monitoring and evaluation function, will synthesize findings and disseminate the lessons learned from evaluations to inform the Board, the Secretariat and other GCF stakeholders.

38. Finally, the Secretariat will be responsible for building the capacity of AEs, with a particular focus on the capacity building of direct access entities (DAEs), in relation to the Policy. The Secretariat is also responsible for supporting the delivery of accreditation and reaccreditation functions, as well as supporting the capacity building of AEs in this regard, to ensure adherence to GCF standards. The Secretariat will lead AE capacity building while taking into account GCF evaluation standards, and would seek the support of the IEU in these efforts, which are in line with the IEU TOR.

39. **Accredited entities (operational units and independent evaluation offices):** Accredited entities are critical partners in evaluations and are responsible for conducting AE-led evaluations. The operational units of AEs and their independent evaluation offices (where present) are critical partners that support self and independent evaluations, respectively.

40. It is the responsibility of AEs to demonstrate during the accreditation application process (and thereafter) that they have the capacity and systems to implement the Policy, including being able to ensure that timely and credible monitoring and (at the least) the functionally independent evaluation of project implementation and performance is feasible and undertaken for GCF investments.<sup>1</sup>

41. Accredited entities are also responsible for ensuring that financial support for interim and final evaluations is budgeted adequately and allocated, and available in a timely manner. Green Climate Fund project/programme budgets should include a budget line for the generation and collection of evaluative data for projects/programmes. This budget is exclusive of interim and final evaluations costs, which are covered by AE fees. Overall evaluation budgets included within project budgets, consistent with global evaluation international best practices, should range from 2–5 per cent of the project budget.

42. A management response and action plan to address recommendations from interim and final evaluations should also be prepared by the operational unit of the AE and shared with the Secretariat.

43. The independent evaluation offices of AEs are responsible for undertaking AE-led evaluations. The independent evaluation offices of AEs, in accordance with their obligations under the respective legal agreements, may assure the independence of these evaluations by conducting evaluations themselves (and applying the GCF evaluation criteria), by contracting [an] independent evaluator[s], or by quality-assuring self-evaluations that are undertaken by the operational units of AEs (and providing their reports alongside these evaluations to the GCF).

44. If an AE does not have a structurally independent evaluation office, AEs may draw on the independence of their evaluation function (as required by the GCF and included in the accreditation checklist) to produce and quality-assure project evaluations, while reporting the

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<sup>1</sup> This is already a requirement in the GCF accreditation process.

exception to the Secretariat, which will receive and assure the quality of these evaluations as noted above.<sup>2</sup>

45. In accordance with the relevant legal agreements, AEs shall cooperate with the Fund and provide it with assistance in carrying out its evaluation functions as may be reasonably requested by the Fund. All evaluation data will be shared with the GCF (the Secretariat and the IEU).

46. **Other stakeholders:** In addition to NDAs, this Policy also recognizes the roles of CSOs and the private sector, and the wider evaluation community. These partners will receive all independent evaluations conducted by IEU, according to the IDP of the GCF (see section IX). They are encouraged to ensure that lessons from evaluative evidence are used to improve the quality of subsequent designs, operations, processes and results, and that these lessons are disseminated among their networks.

47. The IIU and independent Redress Mechanism are key partners in the implementation of the Policy since they provide independent data and analysis. They also receive evidence and reports from all IEU evaluations.

48. The independent Technical Advisory Panel (TAP) is expected to be informed by, to review, and to consider evaluative evidence and lessons from evaluations in their independent technical project assessments. The IEU is committed to providing and sharing learning – and lessons from its independent quality review of GCF investments – with the TAP.

### Independent Evaluation Unit

49. The IEU was established by the Board, and its TOR were approved at the sixth meeting of the Board, to:

- (a) Inform the decision-making of the Board and provide strategic guidance through the identification and dissemination of lessons learned, and to contribute to guiding the GCF and its stakeholders as a learning institution;
- (b) Conduct periodic independent evaluations of GCF performance to objectively assess the results of the GCF and the effectiveness and efficiency of its activities; and
- (c) Provide evaluation reports to the UNFCCC, the COP and the Paris Agreement for the purposes of periodic reviews of the Financial Mechanism.

50. The IEU is the custodian of the GCF Evaluation Policy. The IEU will advise on the effective implementation of this Policy in cooperation with the Secretariat. The IEU shall recommend updates to the Policy to the Board, periodically, and in cooperation with the Secretariat, recognizing the Secretariat's vital role in the review, update and implementation of the policy. The IEU shall develop standards in collaboration with the Secretariat, and the Secretariat will develop guidelines to implement the Policy, in collaboration with the IEU, that ensure the Fund is able to inform its overall results, successes and unintended consequences in a credible and measurable manner. In updating this Policy, the IEU will engage with stakeholders and draw upon their advice and feedback.

51. The IEU shall, every five years with the support of the Secretariat, present a report on issues related to the implementation of this Policy, along with any recommendations for changes to it. The report will include a review of evaluation budgets and lessons learned from integrated results management framework (IRMF) implementation.

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<sup>2</sup> Interim and final evaluations are governed by accreditation master agreements (AMAs) and the relevant legal agreements. Guidelines and procedures for interim and final evaluations will be co-developed by the IEU and the Secretariat, which will be responsible for interfacing with and communicating these to the AE/executing entity.

52. As per this Policy, the IEU will be responsible for undertaking independent evaluations/reviews/assessments. Additionally, upon request by the Secretariat, the IEU could provide technical support in the design or implementation of evaluations or reviews to be conducted or managed by the Secretariat. The IEU can also attest to the quality of self-evaluations by the Secretariat as approved in the IEU TOR upon request by the Board. The IEU may undertake evaluability assessments as well as impact evaluations, in line with their Board-approved TOR, at the different stages of implementation of GCF projects or programmes, in cooperation with the AEs. The IEU will synthesize findings and lessons learned from evaluations to inform the Board, the Executive Director and stakeholders.
53. The IEU will be responsible, in collaboration with the Secretariat, for advising, guiding and assisting real-time impact assessments/evaluations for a selection of the funded activities portfolio, such as LORTA. The IEU will receive all data and reports generated through these real-time impact assessments and also share these with the Secretariat. The IEU, in coordination with the Secretariat, would select projects/programmes for LORTA. The Secretariat will further participate in the implementation of LORTA for learning purposes.
54. As the learnings from real-time impact assessments/evaluations are utilized in project/programme implementation, they can inform the improvement of funding proposals and their review processes, and could also be important for adaptive management (e.g. changes to log frames).
55. The IEU will strengthen evaluation capacities in AEs (including DAEs) and intermediaries to enable evaluation of their Fund portfolio activities. The IEU will assume, as established in its TOR, a leadership role in the evaluation community regarding climate change, and actively participate in relevant evaluation networks. Furthermore, the IEU will work on establishing and leading a community of practice of evaluators working in the climate change space.
56. To promote learning and dialogue, the IEU will disseminate lessons learned to Board members, AEs, the Secretariat and other actors. The IEU independent evaluations will incorporate lessons learnt from research and prior IEU evaluations.
57. Appendix III shows the sequence of how IEU independent evaluations are approved, submitted and followed up.
58. In keeping with best practices in the field, the following institutional commitments are proposed:
- (a) Under this Policy, the performance, implementation and results of all GCF projects and programmes, policies and strategies may be evaluated. Standards for evaluations will be developed by the IEU in collaboration with the Secretariat, while engaging the relevant evaluation stakeholders. The Secretariat will prepare procedures and guidelines in collaboration with the IEU.
  - (b) The IEU budget should be linked to the size of the GCF programming envelope since it represents the volume of operations that the IEU will evaluate in the future. It is anticipated that the overall annual budget for the IEU will not exceed 1 per cent of the programming envelope of the GCF, while ensuring that the IEU annual budget will be sufficient to cover the annual work plan of the IEU approved by the Board.
  - (c) Green Climate Fund project/programme budgets should include a budget line for generating and collecting data and information needed for evaluations that is separate from the project management budget (which covers some costs of managing for results), an overhead line, and the AE fee (which covers the costs of interim and final evaluations). This evaluation budget should cover the costs of project-level evaluations.

- (d) Overall evaluation budgets included within project budgets, consistent with global evaluation international best practices, should be up to 5 per cent of the project budget. This will support measurement capacity within GCF investments and evidence-based learning while also establishing GCF leadership in the global community in producing evidence on what is working and what is not in climate change. The Policy encourages that the evaluation budget line in project budgets supports independent data collection (baseline and end-line data), real-time data collection systems and independent analyses to produce high-quality evaluations, including impact assessments and evaluations.
- (e) The long-term aim is that approximately 30 per cent of the Fund's projects and programmes approved annually by the Board will include real-time impact assessments as part of their evaluation plans. These impact assessments will be used to inform the GCF portfolio and its strategic choices. Their standards will be set by the IEU, developed in consultation with the Secretariat, and informed by Board-mandated IEU functions.
- (f) The Secretariat-led evaluations should be similarly supported by a budget in the range of 1–2 per cent of the Secretariat administrative budget. It is also expected that the Secretariat will be supported by a transparent, robust portfolio management system, web-based data systems, and high-quality and technically well-informed indicators.
- (g) All evaluations (or reviews or assessments) submitted by the IEU to the Board will have an official management response prepared by the GCF Secretariat (prepared in consultation with relevant GCF stakeholders) to inform Board decision-making (see appendix III). Ideally, this response should be presented to the Board at the same time as the evaluation. If time is insufficient, the management response may be presented no later than the next Board meeting. The IEU will assess how the Secretariat followed on from the Board decision related to the IEU evaluations, during relevant subsequent IEU evaluations and during the overall performance evaluation of the GCF.

## **IX. Disclosure, access and quality of information**

### **59. Disclosure:**

- (a) The Secretariat and IEU work programme, approach papers and all evaluations will be made public through the GCF or IEU website.
- (b) Management responses to IEU evaluations will also be publicly disclosed and included with the evaluation report, or as soon as they become available.
- (c) The responsibility for disclosure of IEU products will rest with the Head of the IEU, and the disclosure of Secretariat products with the GCF Executive Director, while considering advice from the management of the relevant entity and subject to the provisions of the GCF IDP and the relevant signed legal agreements.<sup>3</sup> In general, it is expected that all independent evaluations, reviews and assessments of GCF investments will be publicly available. The final reports of IEU evaluations will be made available on the website after submission to the Board.
- (d) The independent evaluation offices of the AEs will cooperate, and in accordance with the relevant legal agreements with the GCF, share their evaluations and data on GCF projects and programmes that GCF projects or programmes may have leveraged, with the GCF.

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<sup>3</sup> GCF Information Disclosure Policy (GCF/B.12/35).

- (e) The IEU will produce a synthesis for presentation to the Board based on these evaluations (or reviews or assessments).
- (f) With respect to AE-led project/programme evaluation reports and APRs, the Secretariat will, in accordance with the requirements of the GCF IDP, create a mechanism to systematically share them on a publicly available database.
60. **Access to information:** Good evaluations require and rely on timely access to information. Certain conditions are required to ensure this:
- (a) Information must be made available to evaluations in a timely manner.
- (b) All evaluation reports and reviews of individual GCF projects or programmes and the reports and reviews prepared or commissioned by the GCF will be made publicly available, in accordance with the GCF IDP.
- (c) All information from any of the above sources as well as reports on the implementation of the GCF policies, should be available, well-organized and well-stored.
- (d) Information requests from the evaluators on financial records should be made available within a reasonable time frame, unless exigent circumstances demand otherwise. This will be the responsibility of the GCF evaluand.
- (e) The AEs, in accordance with their obligations under the respective legal agreements, will cooperate and provide assistance in providing access to information to independent evaluators assessing GCF projects and programmes. They will provide support to evaluators during evaluations to capture the views and concerns of multiple partners, triangulate information, and undertake primary data collection, particularly during visits to the projects or programmes (mutually agreed in advance).
- (f) In many cases, particularly for some private-sector activities, access to clients and projects/programmes by an evaluator could prejudice the client's financial interests or materially increase the risk of litigation. Evaluation design and implementation will ensure that these requirements are safeguarded.
61. **Quality of data and information:** The availability of high-quality data and information for evaluations is crucial. All GCF stakeholders shall endeavour to keep and provide when requested high-quality data. The evaluators will be responsible for ensuring and protecting the confidentiality and anonymity of information as required. This protection will be carefully considered when publishing an evaluation document.
62. All GCF projects and programmes should plan adequately for undertaking and producing useful and relevant data, evaluations and information on investment effectiveness, efficiency, impact, sustainability, country ownership and needs, and potential for paradigm shift.

## X. Integrity and risk

63. The Board adopted the Committee of Sponsoring of the Treadway Commission (COSO) framework as the internal control framework for the Fund, and appointed the IEU in the third line of responsibility of the framework (together with the Office of the Internal Audit (OIA) and the IIU). Together, they shall provide, according to their own functions, reliable and objective assurance to the Board and GCF senior management concerning governance, risk and control. Also, the IEU may, upon request, provide to the Board and GCF Secretariat assessments and evaluation reports on the effectiveness and efficiency of risks identified, assessed and mitigated.

## **XI. Uptake of evaluative evidence and learning**

64. There are several ways an uptake of evaluation evidence may be encouraged. Responsibilities are discussed as follows:

- (a) The IEU and the Secretariat will include a dissemination/knowledge management plan for evaluations in their respective work programmes. The Secretariat's knowledge management function will also play a critical role in this space.
- (b) The Board will foster a culture of learning by requiring that all evaluations presented to the Board have a management response, and all evaluations, reviews and assessments of the IEU will be followed up by a management action report, a year or more later, after consideration by the Board. This will be prepared by the IEU (see appendix III).
- (c) Lessons from high-quality, impartial, objective, relevant, useful and credible evaluations that contain measured results are expected to inform the Board's decision-making processes.
- (d) The GCF will promote the sharing of evaluative evidence across GCF partners through different modes of dissemination and communication.

65. Evaluations at the GCF will employ state-of-the-art methodologies to ensure an evaluation culture is built within the GCF that is conducive to learning and mainstreaming evaluation. Evaluation-for-evidence requires changes in behaviour and thinking.

## **XII. Policy duration and effectiveness**

66. This Policy will become effective at the end of 2021 or a year after Board approval, whichever is later.

67. This Policy will apply to all projects and programmes approved after the effective date of this Policy, subject to the signed legal agreements with AEs.

68. The Policy will be first reviewed by the Board five years after its adoption to provide the flexibility required through the early stages of the Fund's implementation given its dynamic nature, and to support new guidance from the UNFCCC and the COP.

## Appendix I: Glossary of terms

TERM	DEFINITION WITHIN THE GCF CONTEXT (*)
Accountability	Acceptance of responsibility by the GCF and its partners for achieving (or not) the objectives of the GCF, as contained in the Governing Instrument (GI).
Capacity development	Supporting the development of the competencies and abilities of GCF stakeholders and partners on how to measure and evaluate climate change adaptation and mitigation investments.
Conflict of interest	Evaluators are required to disclose in writing any past experiences of themselves, or of their immediate family, which may give rise to a potential conflict of interest, and to deal honestly in resolving any conflict of interest which may arise (based on the UNEG Code of Conduct for Evaluation in the UN System, 2008).
Data	All relevant GCF facts and information, including electronic data and documents. Secondary data is found in documentation from the AEs and other project partners, governments, research institutions, market data and other outside sources. Primary data is drawn from various sources, including interviews with key stakeholders, focus group discussions, field visits to project sites, direct observation, etc. The monitoring function provides valuable data for evaluation.
Evaluation	Assessment of an intervention or group of interventions to determine what works and what does not, for whom, how much, why, and under what circumstances.
Evaluative evidence	Presentation of data and facts generated through an assessment process conducted either by the Independent Evaluation Unit (IEU), the Secretariat, the independent units of AEs or independent evaluators. There are five types of evaluative evidence: evaluations, impact assessments, reviews, studies and syntheses.
GCF evaluation criteria	The overall evaluation criteria laid out in the approved terms of reference of the IEU. These include: (i) relevance, effectiveness, efficiency, impact and sustainability of projects and programmes; (ii) coherence in climate finance delivery with other multilateral entities; (iii) gender equity; (iv) country ownership of projects and programmes; (v) innovativeness in result areas; (vi) replication and scalability; and (vii) unexpected results, both positive and negative. The evaluation criteria also take into account the requirements of the monitoring and accountability framework (MAF).
GCF stakeholders	Green Climate Fund stakeholders include the Board and its appointed bodies and groups, the Conference of the Parties (COP), the United Nations Framework Convention on Climate Change (UNFCCC), the [GCF] Secretariat, the IEU, the independent Redress Mechanism, the Independent Integrity Unit (IIU), accredited entities (AEs), national designated authorities (NDAs), civil society and the private sector.



TERM	DEFINITION WITHIN THE GCF CONTEXT (*)
Management action report	This is prepared by the IEU and submitted to the Board, usually one year after the management response is submitted, to update the Board on the status of implementation of the management response. Management action reports will provide an overview of the Board's consideration of the recommendations, respective management responses, and the status of implementation.
Management response	All evaluations (or reviews or assessments) presented by the IEU to the Board will have an official management response from the Secretariat (prepared by management together with other relevant GCF stakeholders) expressing the views of management regarding the evaluation. Ideally, this response should be presented to the Board at the same time as the evaluation. If time is insufficient, the management response and action plan may be presented no later than the next Board meeting.
Measurement	To ascertain the extent, the size, or the amount of something. It is one of the key functions of evaluation at the GCF as it is used to assess whether and how much the GCF is achieving its objectives. "Measurement" at the GCF implies providing "representative" or average values informed by both qualitative and quantitative data, and goes beyond just using quantitative data.
Mixed methods	A mixed-method evaluation systematically integrates two or more evaluation methods, drawing on both qualitative and quantitative data, incorporating, for example, both randomized control trial experiments and case studies and different types of data collection techniques (e.g. structured observations, key informant interviews, household surveys, and reviews of existing secondary data).
Monitoring and accountability framework (MAF)	A structure of processes, reporting and consultations required of various GCF stakeholders with respect to tracking and monitoring results, stakeholder commitments, and resources invested by the GCF in GCF funded activities. The MAF has two components: (i) monitoring of AE compliance with the accreditation standards of the GCF; and (ii) monitoring and evaluation (M&E) of individual funded interventions (projects or programmes). Monitoring is a continuing process that collects and analyses data or information from Fund-supported projects/programmes to identify progress on activities and expected results. The GCF encourages participatory monitoring.
Recommendation	Proposals aimed at enhancing the effectiveness, quality or efficiency of a development intervention. In an evaluation, recommendations should be linked to conclusions. Recommendations from all IEU independent evaluations should be presented to and discussed with the Board, be clear on responsibility and timing, and be followed up with management response (to be prepared by management together with other relevant stakeholders).
Review	Assessment of performance of an intervention, periodically or on an ad hoc basis. Reviews tend to emphasize operational aspects and may involve less depth of analysis or be less comprehensive than evaluations.

TERM	DEFINITION WITHIN THE GCF CONTEXT (*)
Secretariat	The GCF Secretariat, established under paragraphs 19–25 of the GI.
Study	Detailed investigation and analysis of a subject or situation.
Synthesis	Aggregation of findings and results from a series of evaluations, reviews or studies (or a combination of any of them). Meta-evaluations are an example of syntheses. One objective of the syntheses is to develop benchmarks for different types of GCF projects and programmes.
Theory of change	A theory of change is a method that explains how a given intervention, or set of interventions, are expected to lead to a specific change (in this case, evidence-based decision making), drawing on a causal analysis based on available evidence. A theory of change also helps to identify the underlying assumptions and risks that will be vital to understand and revisit throughout the process, to ensure the approach will contribute to the desired change. (United Nations Development Assistance Framework (UNDAF) Companion Guidance.)

TYPES AND CATEGORIES OF EVALUATION	
Corporate evaluation	Evaluation covering all the interventions that apply at the Fund level.
Country portfolio evaluation	Evaluation covering all the interventions in a specific country and the strategy behind these interventions.
Ex-post	Evaluation conducted at the end of project implementation or a few years after, using mixed methods. Can either be a Secretariat-led evaluation or an IEU independent evaluation.
Final evaluation	Evaluation that is near or at the end of an intervention to provide evaluative evidence covering the entire intervention. It measures the overall impact, effectiveness, efficiency, sustainability, replicability and lessons learned of a project.
Governance and institutionalevaluation	Evaluation that assesses the performance, achievements and lessons from the governance and institutional structure of the GCF.
Impact assessment/evaluation	Evaluation that measures the primary and secondary long-term effects of an intervention or group of interventions in a causal way. They are selected, upon agreement between an AE and the IEU or Secretariat, and conducted by the AE with technical support from the IEU or Secretariat and financially supported by the IEU budget, project budgets or the Secretariat budget.

TYPES AND CATEGORIES OF EVALUATION	
Interim evaluation	Evaluation performed midway through the implementation of an intervention to assess progress towards and likelihood of achievement of outcomes and impacts. It usually has a strong formative focus.
Performance of the GCF	Performance review of the GCF, led by the IEU. The overall aim of the review is to assess the extent to which the GCF has delivered its objectives as laid out in the GI and strategic plans; the likely performance of the Fund, its funded activities and their effectiveness and efficiency; and the extent to which it has responded successfully to the needs of developing countries.
Ex-ante assessment	Assessment that is performed before the implementation of an intervention to evaluate whether it is likely to achieve its expected outcomes and impacts.
Process evaluation	Evaluation of the internal dynamics of organizations implementing GCF projects or programmes, their policy instruments, their service delivery mechanisms, their management practices, and the linkages among them.
Portfolio evaluation	Evaluation covering all the interventions within a particular cluster of projects and programmes.
Real-time evaluation	Evaluation process that takes place throughout the implementation of an intervention with the purpose of drawing real-time lessons to be used to improve programming as it is implemented.
Sector/thematic/area evaluation	Evaluation of a series of interventions, all of which address a specific theme or cover a specific sector, while cutting across countries, regions, and sectors or themes. Sector and thematic evaluations can be normative (assessing performance in relation to a benchmark), formative (aimed at improving performance), or summative (aiming to determine the extent of outcomes achieved in said sector or topic).
Strategy evaluation	Evaluation covering the effectiveness, efficiency, results and sustainability of a particular strategy of the GCF.
Self-evaluation	Evaluations undertaken by independent evaluation offices are considered independent evaluations. Self-evaluations are undertaken by the operational units of AEs, or the GCF Secretariat on its own operations.

(\*) Several definitions are adapted from the Organisation for Economic Co-operation and Development's Development Assistance Committee (OECD/DAC) Glossary of Key Terms in Evaluation and Results Based Management. Paris, 2010. Available at [www.oecd.org/dac/evaluation](http://www.oecd.org/dac/evaluation).

## Appendix II: GCF evaluation criteria

The GCF evaluation criteria, taking into account the IEU TOR and the Fund's MAF, are as follows:

- (i) Relevance, effectiveness, efficiency, impact and sustainability of projects and programmes;
- (ii) Coherence in climate finance delivery with other multilateral entities;
- (iii) Gender equity;
- (iv) Country ownership of projects and programmes;
- (v) Innovativeness in result areas – the extent to which interventions may lead to paradigm shift towards low-emission and climate-resilient development pathways;
- (vi) 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 into independent evaluations); and
- (vii) Unexpected results, both positive and negative.

## Appendix III: Timeline of IEU independent evaluations

**Table 4: Timeline of IEU independent evaluations**

DOCUMENT	ACTION	BY WHOM	WHEN
<b>IEU workplan (the plan for IEU independent evaluations)</b>	Board decision	Board of the GCF	Final Board meeting of the year
<b>IEU independent evaluations/assessments/reviews</b>	Submitted to the Board Shared with Secretariat	IEU	In time for the Board meeting, and in accordance with IEU workplan
<b>Management response</b>	Submitted to the Board	Secretariat	No later than the Board meeting following the submission of the evaluation report
<b>Board decision</b>	Board decision	Board of the GCF	After consideration of the evaluation report and/or management response
<b>Management action report</b>	Submitted to the Board	IEU	One year after the Board decision