

Annex I: Updated terms of reference of the Independent Evaluation Unit

I. Background

1. The terms of reference of the Independent Evaluation Unit (IEU) are based on the Governing Instrument (including its paragraphs 59-62), taking into account Board decisions and documents, best international practices and the specific functions of the Fund, its scope of activities, size and structure. The TOR also take into account the discussions pursuant to the development of the Evaluation Policy for the GCF (B.BM -2021/07).
2. The evaluation 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. The Policy also covers how the Fund may respond to the evaluation-capacity development needs of AEs and other entities associated with the GCF. The ToR of the Unit provides the mandate given by the Board to the IEU, including, among other things, the mandate for IEU-led evaluation described by the evaluation policy. Following paragraph 50 of the evaluation policy, the IEU is the custodian of the GCF Evaluation Policy. The IEU will advise on the effective implementation of this Policy to the Board in cooperation with the Secretariat. The IEU shall recommend updates to the Policy to the Board, periodically, and in cooperation with the Secretariat.

II. Objectives

3. The following objectives of the IEU are derived from the Government 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 the Fund's performance in order to provide an objective assessment of the Fund's results and the effectiveness and efficiency of its activities; and
 - (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.

III. Independence of evaluation and role of the Board

4. According to the best-practice norms and standards for independent evaluation,¹ the evaluation function should be located independently from the other management functions so that it can be free from undue influence. The IEU will have full discretion in directly submitting its reports to the Board.
5. The Head of the IEU will be appointed by, and report to the Board. The appointment will be for a term determined by the Board, as described in the Terms of Reference of the Head of the IEU.² The recruitment process will be conducted in a transparent manner by the Board. The

¹ *Sourcebook for Evaluating Global and Regional Partnership Programs* elaborated by the OECD/DAC Network on Development Evaluation and IEG/World Bank.

² The Board adopted the current Terms of Reference of the Head of the IEU in decision B.10/05, which state "the tenure of the Head of the IEU will be for three years, renewable once."

Head of the IEU can be removed only by decision of the Board. To preserve independence, upon termination of service, the IEU Head will not be eligible for staff positions within the Secretariat.

6. The staff of the IEU will be subject to the Code of Conduct of Staff and the Head of the IEU will be subject to the policy on ethics and conflict of interest of Board appointed officials (B.13/27 para (a)). 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.

7. The Board will review and approve the evaluation policy of the Fund, and the IEU's three year-rolling work plans, the IEU annual work programme and budget. It will also review management action reports prepared by the IEU, which will provide assessment of the progress in the implementation of IEU recommendations. As stated in the Evaluation Policy for the GCF, 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.

IV. Responsibilities

8. Should the COP request the GCF Board for an independent assessment of the overall performance of the Fund, the Board may request the IEU to support the work involved in such assessment. The IEU will be responsible for the overall performance review of the Fund every programming/replenishment period

9. In decision B.24/15, the Board confirmed that the Evaluation Policy is a GCF-wide policy that guides the Board, the Secretariat, the Independent Evaluation Unit, other independent units, AEs, and national designated authorities/focal points. The IEU will be responsible to develop and update the evaluation policy of the Fund.

10. The IEU will make recommendations to the Board regarding improvements to the Fund's performance and results management framework.

11. The IEU will attest to the quality of the Fund's self-evaluations and reviews conducted by the Secretariat.

12. The IEU will synthesize the findings and lessons learned from its evaluations to inform the Board and the Secretariat, NDAs, implementing entities, observer organizations, as well as stakeholders.

13. The IEU will actively participate in relevant international 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, in particular the UN Evaluation Group.

14. The IEU will establish close relationships with the independent evaluation units of the implementing entities, and relevant stakeholders and will seek to involve them in their activities wherever feasible and appropriate.

15. 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.³ The use of technical expert panels or similar mechanisms may be appropriate.

³ In addition to the norms and standards, quoted in footnote 1, another relevant source are the good-practice standards developed by the independent evaluation offices of multilateral development banks (MDBs), through their Evaluation Cooperation Group (ECG). See https://wpqr4.adb.org/LotusQuickr/ecg/PageLibrary48257B910010370B.nsf/h_Toc/7165ce615f744f0848257b95002c9f1d/?OpenDocument.

16. The work of the independent evaluation unit 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.

V. Types of evaluation and the Fund's result areas

17. Given that the Fund will pursue a country-driven approach the IEU may perform evaluations of the activities funded in different countries, i.e. country portfolio evaluations.

18. 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. These thematic evaluations may cover all the results areas of the Fund.⁴

19. The IEU may also perform evaluations of project-based and programmatic approaches.

20. The types of evaluation mentioned above will provide the Board and the COP with an independent assessment of the performance of the Fund. These evaluations could also be used as building blocks for an overall performance assessment of the Fund.

21. As per paragraph 60 of the Governing Instrument, the frequency and types of evaluation to be conducted will be specified by the unit in agreement with the Board. To maximize the value added of evaluations, the IEU will prepare its annual and three-year rolling work plans after consulting with the Board and the Secretariat, and taking into account the Board workplan for the strategic period, Board policy and review cycle, and any other Board-approved documents defining the subjects and schedules of reviews.

VI. Evaluation criteria

22. The evaluation criteria to be used by IEU will be the following:

- (a) Relevance, effectiveness, efficiency, impact and sustainability of projects and programmes;³
- (b) Coherence in climate finance delivery with other multilateral entities;
- (c) Gender equity;
- (d) Country ownership of projects and programmes;⁵
- (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);⁶ and
- (g) Unexpected results, both positive and negative.

⁴ Co-benefits and global environmental co-benefits would be included either within relevance and/or effectiveness, depending on the definition of the objectives of the Fund's activities that will be evaluated.

⁵ Even though this is not a standard evaluation criterion, it is included among the evaluation criteria that the IEU should use in order to take into account decision B.04/04, that country ownership will be a core principle of the Fund's business model framework.

⁶ Following the good practice of the Independent Evaluation Office of the International Fund for Agricultural Development (IFAD).

VII. Feedback and knowledge management

23. 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

24. Evaluation results should feed back into the development, update and design of strategies, policies and operations, thus contributing to enhancing the quality of overall performance of the GCF. To facilitate this process, the IEU will periodically prepare brief notes synthesizing lessons learned from evaluations.

VIII. Delineation of roles and responsibilities of the Fund's IEU and those of the independent evaluation mechanisms of implementing entities and relevant stakeholders

25. The IEU shall closely cooperate with the relevant departments or units of implementing entities and should seek to involve them in its activities wherever feasible.

26. The relationship between the IEU and the corresponding body of implementing entities and relevant partners will be covered by relevant agreements (such as AMAs, FAAs, and MoUs) which will be entered into by the Fund with these entities which will require these to cooperate with the Fund's IEU, where required.

27. The IEU will support the strengthening of evaluation capacities of implementing entities, to enable evaluation of their Fund portfolio activities. Over time, in those countries in which there are entities with evaluation capacities, the IEU could involve them in Fund evaluations.

⁷ As established in the Annex to decision 5/CP.19.