



GREEN
CLIMATE
FUND

Further Development of the Initial Investment Framework

GCF/B.08/20
4 October 2014

Meeting of the Board
14-17 October 2014
Bridgetown, Barbados
Agenda item 16

Recommended action by the Board

It is recommended that the Board:

- (a) Take note of the information presented in document GCF/B.08/20 *Further Development of the Initial Investment Framework*; and
- (b) Adopt the decision presented in Annex I to this document.

Further Development of the Initial Investment Framework

I. Introduction

1. By its decision B.07/06, paragraph (a), the Board adopted the initial investment framework of the Green Climate Fund.
2. At the same meeting the Board requested the Investment Committee to submit the following for consideration to the eighth Board meeting, with technical support from the Secretariat and other stakeholders and taking into consideration recommendations from the Private Sector Advisory Group, before the Fund approves funding proposals:
 - (a) Definitions for activity-specific sub-criteria and a set of activity-specific indicators, taking into account the Fund's initial investment framework, the Fund's initial result areas and initial results management framework, and decisions B.05/05, B.06/07 and B.05/03 as well as subsequent decisions on additional result areas for adaptation;
 - (b) Minimum benchmarks for each criterion, taking into account the best practices of other institutions; and
 - (c) Identification and comparison of methodologies that enable the Secretariat to assess the relative quality and innovativeness of comparable proposals in comparable circumstances, including through a survey, for the application of the sub-criteria mentioned in paragraph 2 (a) above in the selection of proposals (decision B.07/06, paragraph (c)).
3. The purpose of this document is to outline the elements as defined in paragraph 2 (a)–(c).

II. Linkages with other documents

4. This document has linkages with and addresses matters that cut across the following documents:
 - (a) *Further Development of the Initial Results Management Framework (GCF/B.08/07)*;
 - (b) *Initial Approval Process – Draft Terms of Reference of the Independent Technical Advisory Panel (GCF/B.08/21)*;
 - (c) Documents under agenda items 6 (a)–(e) (GCF/B.08/02; GCF/B.08/03; GCF/B.08/04; GCF/B.08/05; GCF/B.08/06); and
 - (d) *Simplified Processes for the Approval of Proposals for Certain Activities, in Particular Small-scale Activities* (document GCF/B.08/22).

III. Activity-specific sub-criteria

5. In response to the decision mentioned in paragraph 1 above, the initial activity-specific sub-criteria are defined taking into account the Fund's initial investment framework, the Fund's initial result areas and initial results management framework, and other relevant decisions.
6. Annex II outlines the definitions of the initial activity-specific sub-criteria. The sub-criteria apply to both mitigation and adaptation. In case where they are only applicable to mitigation or adaptation, it is clearly indicated. Furthermore, the proposed activity-specific sub-criteria will be applied as appropriate and applicable in the context of each specific funding proposal.

IV. Identification and comparison of assessment methodologies

7. To draw upon the design and practices of other climate funds and international financial institutions, the following climate funds and financial institutions have been consulted or surveyed: the Adaptation Fund (AF), the Climate Investment Funds (CIF), the Global Environment Facility (GEF) (including the Least Developed Countries Fund (LDCF) and Special Climate Change Fund (SCCF)), the African Development Bank (AfDB), the Inter-American Development Bank (IDB) and the World Bank. Their respective assessment methodologies were identified and analysed. The results are shown in Tables 1 and 2 in Annex IV.

8. Table 1 in Annex IV shows a summary of overall assessment methodologies of the other climate funds and international financial institutions listed in the previous paragraph. In the table, four elements are considered and additional comments are provided as needed. The four elements are as follows:

- (a) Whether or not the organization uses specific and separate investment or review criteria for mitigation and/or adaptation projects;
- (b) If the organization's project assessment uses primarily quantitative or qualitative investment or review criteria in assessing a project;
- (c) Whether or not the organization assigns an overall project score; and
- (d) Whether or not a fully competitive selection process is used, as opposed to a minimum qualifications system.

9. Table 2 in Annex IV shows a summary of assessment levels, criteria and benchmarks used by these other funds or institutions. In the table, the following four elements are considered:

- (a) What level of detail the organization uses to evaluate project proposals, equivalent to this Fund's initial investment framework criteria and sub-criteria;
- (b) Whether or not the organization assigns a rating to the investment criteria;
- (c) Whether or not the organization applies the investment criteria based on minimum benchmarks; and
- (d) Whether or not the organization assigns a weight or relative value to the investment criteria.

10. The findings are presented in the next chapter along with a conclusion.

V. Findings and conclusion

11. The main findings based on the research laid out in the previous section and Annex IV are as follows:

- (a) For all of the climate funds consulted, specific and separate criteria are used for mitigation and adaptation;
- (b) In most cases, a combination of quantitative and qualitative methods are used to assess a project proposal. However, qualitative evaluations appear predominant; and
- (c) Minimum benchmarks or weighting systems are generally not used by climate funds or international financial institutions. In a few particular applications, benchmarks are used to a limited extent for assessing specific aspects (cost effectiveness, economic and financial rate of return or development effectiveness). Under these circumstances,

benchmarks function more as points of reference, and managerial discretion is applied. For instance, projects with a negative rate of return may be approved if they have high transformational impact. Among the funds and institutions surveyed, only the CIF private sector set-aside programmes piloted weighting systems in proposal selections.

12. Given the findings presented above, certain technical challenges arise in the development of potential activity-specific sub-criteria, indicators and minimum benchmarks to assess project proposals.

13. The first challenge is establishing quantitative indicators for each criterion or sub-criterion across the initial investment framework. Some criteria or sub-criteria lend themselves to quantitative indicators with relative ease. For example, emissions reductions and renewable energy installation capacity can be quantified. In other cases, particularly for those criteria that are qualitative by nature, the task is significantly more complex.

14. The second technical challenge is establishing minimum benchmarks for each criterion or sub-criterion. Minimum benchmarks are meant to ensure a basic level of quality control over projects: in essence, a hurdle over which good projects should be able to jump. Establishing these benchmarks is technically difficult given the wide range of activities across sectors, technologies, country sizes, development levels and a variety of other factors. When used as a point of reference instead of a minimum requirement under specific circumstances, a benchmark can be a useful technical tool in project assessment.

15. The survey and consultations with other funds and institutions lead to the following three key conclusions.

16. First, the initial investment framework as currently designed, including the criteria, the coverage area and the proposed activity-specific sub-criteria, is comprehensive and consistent with the practices of the funds and institutions described in Tables 1 and 2 in Annex IV. The investment framework should remain strategic and flexible in the face of changing market conditions, fast technological development and varying country circumstances.

17. Second, the common practice in other funds and institutions is to define several high-level review criteria and a set of primarily qualitative questions. Quantitative indicators are identified where feasible and applicable. The qualitative questions and quantitative indicators function similarly to the “illustrative assessment factors” outlined in Annex III.

18. Finally, implementation experience will provide the best source of information to test the design of the investment framework and to further improve it over time. The Fund will be a scalable, flexible and continuously learning institution in line with paragraph 3 of the Governing Instrument, and the investment framework should also reflect these features.

19. Based on the analysis and findings outlined above, the draft decision is prepared and presented in Annex I for the Board’s consideration. An illustrative assessment methodology is also developed and described in Annex III. It illustrates a practical application of the criteria and sub-criteria in the investment framework for assessing funding proposals.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.08/20 *Further Development of the Initial Investment Framework*:

- (a) Adopts the initial activity-specific sub-criteria contained in Annex II, which take into account the Fund's initial investment framework, the Fund's initial result areas and initial results management framework, and other relevant decisions;
- (b) Recognizes that these activity-specific sub-criteria are not necessarily final and exhaustive, and will continue to be improved upon, over time, as experiences are gained and lessons are learned through the operations of the Fund and good practices of similar operations elsewhere;
- (c) Recognizes that the application of such sub-criteria in conducting the ex-ante technical assessment of a funding proposal will involve a high degree of qualitative judgment and, in certain relevant and applicable areas, quantitative analysis. It will also take into account varying country needs, circumstances and capacities, sectoral and technological contexts, as well as the level of funding being proposed relative to the expected outcomes;
- (d) Takes note of the illustrative assessment scale and factors included in Annex III, which should be used by the Secretariat and the Independent Technical Advisory Panel to conduct technical assessments of funding proposals; and
- (e) Requests the Secretariat, drawing on the expertise of the Independent Technical Advisory Panel, to progressively and flexibly further develop and implement:
 - (i) Appropriate benchmarks as points of reference; and
 - (ii) Methodologies, both qualitative and/or quantitative, where relevant and feasible.

Annex II: Initial investment framework: activity-specific sub-criteria

Criterion	Definition	Coverage area	Activity-specific sub-criteria
Impact potential	Potential of the programme/project to contribute to the achievement of the Fund's objectives and result areas	Mitigation impact	Contribution to shift to low-emission sustainable development pathways
		Adaptation impact	Contribution to increased climate-resilient sustainable development
Paradigm shift potential	Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment	Potential for scaling-up and replication and its overall contribution to global low-carbon development pathways, consistent with a temperature increase of less than 2 degrees	Potential for expanding the proposal's impact without equally increasing its cost base (scalability)
			Potential for exporting key structural elements of the proposal to other sectors, regions or countries (replicability)
		Potential for knowledge and learning	Level of contributions to global low-carbon development pathways, consistent with a temperature increase of less than 2 degrees
			Expected contribution to the creation or strengthening of knowledge, collective learning processes, or institutions
Contribution to the creation of an enabling environment	Innovativeness		
	Sustainability		
Contribution to the regulatory framework and policies	Mobilization of other relevant actors		
	Market development and transformation		
	Potential for strengthened institutional and regulatory systems for low-emission planning and development, and/or for climate-responsive planning and development		

Criterion	Definition	Coverage area	Activity-specific sub-criteria
		Overall contribution to climate-resilient development pathways consistent with a country's climate change adaptation strategies and plans	Potential for expanding the proposal's impact without equally increasing its cost base (scalability) Potential for exporting key structural elements of the proposal to other sectors, regions or countries (replicability)
Sustainable development potential	Wider benefits and priorities	Environmental co-benefits	Expected positive environmental impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate
		Social co-benefits	Expected positive social impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate
Sustainable development potential	Wider benefits and priorities	Economic co-benefits	Expected positive economic impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate
		Gender-sensitive development impact	Potential for reduced gender inequalities in climate change impacts and/or equal participation by gender groups in contributing to expected outcomes
Needs of the recipient	Vulnerability and financing needs of the beneficiary country and population	Vulnerability of the country	Level of exposure of people, and/or social or economic assets or capital, to risks derived from climate change
		Vulnerable groups and gender aspects	Comparably high vulnerability of the beneficiary groups
		Economic and social development level of the country and the affected population	Specific vulnerable groups (minorities, disabled, elderly, children, female heads of households, etc.) addressed
		Absence of alternative sources of financing	Opportunities for overcoming specific barriers to financing
		Need for strengthening institutions and implementation capacity	Opportunities to address lack of institutional and implementation capacity in the key or relevant institutions in the context of the proposal
Country ownership	Beneficiary country ownership of and capacity to implement a funded project or programme	Existence of a national climate strategy	A current and effective national climate strategy or plan, NAMA, NAP or equivalent and as appropriate
		Coherence with existing policies	No objection received by the country's NDA or focal point

Criterion	Definition	Coverage area	Activity-specific sub-criteria
	(policies, climate strategies and institutions)		Alignment with priorities in the country's national climate strategy
Efficiency and effectiveness	Economic and, if appropriate, financial soundness of the programme /project	Capacity of implementing entities, intermediaries or executing entities to deliver	Experience and track record of the implementing entity, intermediary or executing entities in key elements of the proposal
		Engagement with civil society organizations and other relevant stakeholders	Stakeholder consultations and engagement
		Cost-effectiveness and efficiency regarding financial and non-financial aspects	Financial adequacy Cost-effectiveness (mitigation only)
		Amount of co-financing	Leverage potential (mitigation only)
		Programme/project financial viability and other financial indicators	Expected economic and financial internal rate of return Financial viability in the long run
		Industry best practices	Application of best practices and degree of innovation

Annex III: Illustrative assessment methodology

Step 1. Apply the investment criteria and activity-specific sub-criteria in reviewing the funding proposal, make qualitative judgement and conduct quantitative analysis where applicable, using the relevant assessment factors,¹ taking into account varying circumstances and sectoral and technological contexts. A rating of 1=Low to 5 = High or an answer of Yes or No will be provided to each sub-criteria.

Criterion	Definition	Coverage area	Activity-specific sub-criteria	Illustrative assessment scale	Illustrative assessment factors
Impact potential	Potential of the programme/project to contribute to the achievement of the Fund's objectives and result areas	Mitigation impact	Contribution to shift to low-emission sustainable development pathways	1 = Low 3 = Medium 5 = High	<p>Expected tonnes of carbon dioxide equivalent (t CO₂ eq) to be reduced or avoided (PMF-M Core 1);²</p> <p>Expected increase in number of small, medium and large low-emission power suppliers (PMF-M 6.0);</p> <p>Expected decrease in energy intensity of buildings, cities, industries, and appliances (PMF-M 7.0);</p> <p>Expected increase in use of low-carbon transport (PMF-M 8.0);</p> <p>Expected improvement in management of land or forest areas contributing to emissions reductions (PMF-M 9.0);</p> <p>Expected improvement in waste management contributing to emission reductions;</p> <p>And/or other relevant assessment factors as appropriate on a case-by-case basis.</p>
		Adaptation impact	Contribution to increased climate-resilient sustainable development	1 = Low 3 = Medium 5 = High	Expected total number of direct and indirect beneficiaries; number of beneficiaries relative to total population (PMF-A Core 1);

¹ The assessment factors listed in the table are illustrative and not intended to be a full treatment of the subject.

² PMF-M Core 1 refers to a linkage with the first core indicator in the Mitigation Performance Measurement Framework, as contained in document GCF/B.08/07. PMF-A 5.0 refers to a linkage with the indicator 5.0 in the Adaptation Performance Measurement Framework.

Criterion	Definition	Coverage area	Activity-specific sub-criteria	Illustrative assessment scale	Illustrative assessment factors
Impact potential	Potential of the programme/project to contribute to the achievement of the Fund's objectives and result areas	Adaptation impact	Contribution to increased climate-resilient sustainable development	1 = Low 3 = Medium 5 = High	<p>Expected strengthening of institutional and regulatory systems for climate-responsive planning and development (PMF-A 5.0);</p> <p>Expected increase in generation and use of climate information in decision-making (PMF-A 6.0);</p> <p>Expected strengthening of adaptive capacity and reduced exposure to climate risks (PMF-A 7.0);</p> <p>Expected strengthening of awareness of climate threats and risk-reduction processes (PMF-A 8.0);</p> <p>And/or other relevant assessment factors as appropriate on a case-by-case basis.</p>
Paradigm shift potential	Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment	Potential for scaling-up and replication and its overall contribution to global low-carbon development pathways, consistent with a temperature increase of less than 2 degrees	<p>Potential for expanding the proposal's impact without equally increasing its cost base (scalability)</p> <p>Potential for exporting key structural elements of the proposal to other sectors, regions or countries (replicability)</p> <p>Level of contributions to global low-carbon development pathways, consistent with a temperature increase of less than 2 degrees</p>	<p>1 = Low 3 = Medium 5 = High</p> <p>1 = Low 3 = Medium 5 = High</p> <p>1 = Low 3 = Medium 5 = High</p>	<p>Demonstration of a robust and convincing theory of change for replication and scale-up</p> <p>Opportunities for scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation</p> <p>Expected opportunities and the corresponding impact potential for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries</p> <p>Description of how the project/programme contributes to global low-carbon development pathways, and is consistent with a temperature increase of less than 2 degrees</p>
		Potential for knowledge and learning	Expected contribution to the creation or strengthening of knowledge, collective learning processes, or institutions	1 = Low 3 = Medium 5 = High	<p>Vision of the long-term goals, how they will be reached, and relevant measurable indicators of success</p> <p>Identification of key actors, milestones and opportunities for knowledge generation</p>

Criterion	Definition	Coverage area	Activity-specific sub-criteria	Illustrative assessment scale	Illustrative assessment factors
Paradigm shift potential	Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment	Contribution to the creation of an enabling environment	Innovativeness	1 = Low 3 = Medium 5 = High	Opportunities for targeting new market segments, developing or adopting new technologies, business models and/or processes
			Sustainability	1 = Low 3 = Medium 5 = High	Arrangements and provisions for long term continuation of relevant outcomes and key relevant activities derived from the project/programme
			Mobilization of other relevant actors	1 = Low 3 = Medium 5 = High	Expected potential to mobilize other relevant public, private and other actors at the local and/or national level with a view to enhancing the long term success of the of the proposed project/programme
			Market development and transformation	1 = Low 3 = Medium 5 = High	Extent to which the project/programme creates new markets and business activities at the local, national or international level
		Contribution to the regulatory framework and policies	Potential for strengthened institutional and regulatory systems for low-emission planning and development, and/or for climate-responsive planning and development	1 = Low 3 = Medium 5 = High	Expected changes in the national/local regulatory or legal frameworks to systemically address low-emission planning and development
			Expected number of key targeted institutions with evidence of their strengthened capacity and coordination mechanism to mainstream climate resilience (PMF-A 5.1)	1 = Low 3 = Medium 5 = High	
Overall contribution to climate-resilient development pathways consistent with a country's climate change adaptation strategies and plans	Potential for expanding the proposal's impact without equally increasing its cost base (scalability)	1 = Low 3 = Medium 5 = High	Opportunities for scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation		
	Potential for exporting key structural elements of the proposal to other sectors, regions or countries (replicability)	1 = Low 3 = Medium 5 = High	Expected opportunities and the corresponding impact potential for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries		

Criterion	Definition	Coverage area	Activity-specific sub-criteria	Illustrative assessment scale	Illustrative assessment factors
Sustainable development potential	Wider benefits and priorities	Environmental co-benefits	Expected positive environmental impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate	1 = Low 3 = Medium 5 = High	Positive environmental externalities can reasonably be expected through the implementation of the proposal in areas such as air quality, soil quality, conservation, biodiversity, etc.
		Social co-benefits	Expected positive social impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate	1 = Low 3 = Medium 5 = High	Potential for externalities in the form of expected improvements, to women and men as relevant, in areas such as health and safety, access to education or improved regulation. These co-benefits may also derive from the mechanisms to be used in the implementation of the proposal and the social and political changes needed to implement them, such as clarification of land tenure and enhanced participation in decision-making
		Economic co-benefits	Expected positive economic impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate	1 = Low 3 = Medium 5 = High	Potential for externalities in the form of expected improvements in areas such as expanded and enhanced job markets, job creation for women and men, increased and/or expanded involvement of local industries; contribution to an increase in productivity and competitive capacity; improved sector income-generating capacity, contribution to an increase in energy security; etc.
		Gender-sensitive development impact	Potential for reduced gender inequalities in climate change impacts and/or equal participation by gender groups in contributing to expected outcomes	1 = Low 3 = Medium 5 = High	Explanation of how the project activities will address the needs of women and men to correct prevailing inequalities in climate change vulnerability and risks
Needs of the recipient	Vulnerability and financing needs of the beneficiary country and population	Vulnerability of the country	Level of exposure of people, and/or social or economic assets or capital, to risks derived from climate change	1 = Low 3 = Medium 5 = High	Level of exposure to climate risks and the degree of vulnerability (e.g. particularly vulnerable countries, including least developed countries (LDCs), small island developing States (SIDS) and African States)
		Vulnerable groups and gender aspects	Comparably high vulnerability of the beneficiary groups	1 = Low 3 = Medium 5 = High	Proposed project/programme supports groups that are identified as particularly vulnerable in national climate or development strategies, with relevant sex disaggregation

Criterion	Definition	Coverage area	Activity-specific sub-criteria	Illustrative assessment scale	Illustrative assessment factors
		Economic and social development level of the country and the affected population	Specific vulnerable groups (minorities, disabled, elderly, children, female heads of households, etc.) addressed	1 = Low 3 = Medium 5 = High	Level of social and economic development of the target population compared to the average of the country
		Absence of alternative sources of financing	Opportunities for overcoming specific barriers to financing	1 = Low 3 = Medium 5 = High	Explanation of the existing barriers that create absence of alternative sources of financing and how they will be addressed
		Need for strengthening institutions and implementation capacity	Opportunities to address lack of institutional and implementation capacity in the key or relevant institutions in the context of the proposal	1 = Low 3 = Medium 5 = High	Description of a concrete plan for how key or relevant institutions' institutional and implementation capacity will be strengthened
Country ownership	Beneficiary country ownership of and capacity to implement a funded project or programme (policies, climate strategies and institutions)	Existence of a national climate strategy	Country has a current national climate strategy or plan, NAMA, NAP or equivalent, as appropriate	Yes/No	Description of how the project/programme aligns with the country's climate priorities and national, local or sectoral plans and attracts high-level political support in implementing countries
		Coherence with existing policies	Proposal has not been objected by the country's NDA or focal point	Yes/No	Proposal received no-objection by NDA or focal point in accordance with the Fund's no-objection procedure.
			Objectives are in line with priorities in the country's national climate strategy	1 = Low 3 = Medium 5 = High	Proposal addresses one or more priority areas identified in country's national climate strategy, including in the context of NAMAs or NAPs as appropriate and applicable
		Capacity of implementing entities, intermediaries or executing entities to deliver	Experience and track record of the implementing entity, intermediary or executing entities in key elements of the proposal	1 = Low 3 = Medium 5 = High	Proponent demonstrates a consistent track record and relevant experience and expertise in similar or relevant circumstances as the proposed project/programme (e.g. sector, type of intervention, technology, etc.)
		Engagement with civil society	Stakeholder consultations and engagement	1 = Low 3 = Medium	Proposal has been developed in consultation with civil society groups and other relevant stakeholders, with particular

Criterion	Definition	Coverage area	Activity-specific sub-criteria	Illustrative assessment scale	Illustrative assessment factors
		organizations and other relevant stakeholders		5 = High	attention paid to gender equality, and provides a specific mechanism for their future engagement in accordance with the Fund's ESS and stakeholder consultation guidelines
Efficiency and effectiveness	Economic and, if appropriate, financial soundness of the programme/project	Cost-effectiveness and efficiency regarding financial and non-financial aspects	Financial adequacy	1 = Low 3 = Medium 5 = High	Demonstration that the funds requested are adequate and reasonable given the planned activities
			Cost-effectiveness (mitigation only)	1 = Low 3 = Medium 5 = High	Estimated cost per t CO ₂ eq (e.g. estimated marginal abatement cost (US\$) per t CO ₂ eq) (PMF-M Core 2)
		Amount of co-financing	Leverage potential (mitigation only)	1 = Low 3 = Medium 5 = High	Expected volume of finance to be leveraged by the proposed project/programme and as a result of the Fund's financing, disaggregated by public and private sources (PMF-M Core 3) Ratio of co-financing over the funding provided by the Fund
		Programme/project financial viability and other financial indicators	Expected economic and financial internal rate of return Financial viability in the long run	1 = Low 3 = Medium 5 = High 1 = Low 3 = Medium 5 = High	Comparison with appropriate/relevant benchmark/reference Description of financial soundness in the long term (beyond the Fund's intervention)
		Industry best practices	Application of best practices and degree of innovation	1 = Low 3 = Medium 5 = High	Explanations of how industry best practices and/or best available technologies are considered and applied If applicable, the proposal specifies the innovations or modifications/adjustments made based on industry best practices

Step 2. Based on the review results at the activity-specific sub-criteria level, a rating will be assigned to each investment criteria. The assessment process and the rationale for the assigned ratings will be documented as “Assessment Findings”.

Investment Criteria	Rating Low = 1; Medium=3; High=5	Assessment Findings
Impact potential		
Paradigm shift potential		
Sustainable development potential		
Needs of the recipient		
Country ownership		
Efficiency and effectiveness		

Step 3. The overall assessment opinion and advice will be provided by the Secretariat and the Independent Technical Advisory Panel, respectively. They will be communicated to the Board or the approving authority, as part of the documentation package pertaining to the funding proposal, for review and approval.

Annex IV: Identification and comparison of assessment methodologies

Table 1: Summary of overall assessment methodologies

Fund or institution ¹	Mitigation & Adaptation specific and separate	Quantitative or qualitative	Project scoring	Competitive selection	Comments
AF	Yes	Primarily qualitative	No	No	
CIF (regular)	Yes	Primarily qualitative	No	No	CIF (regular) refers to projects/programmes developed within the pilot countries' investment plans
CIF (private sector)	Yes	Both	Yes/No	Yes/No	CIF (private sector) refers to private sector-dedicated and set-aside programmes. The SCF set-aside programmes adopt a competitive selection process with project scoring, while the assessment of CTF-dedicated programmes are primarily qualitative.
GEF	Yes	Primarily qualitative	No	No	GEF uses a resource allocation system.
AfDB	N/A	Primarily qualitative	No	No	
IDB	N/A	Both, mainly qualitative	Yes	No ²	A Development Effectiveness Matrix for each project has a minimum required score. If this minimum threshold is not reached, the project needs to be restructured in cooperation with the beneficiary country.
World Bank	N/A	Both, mainly qualitative	No	No	Economic analysis is usually quantitative; other criteria may vary. Funds are pre-allocated to countries but there is considerable flexibility in reallocating money.

¹ The full names of the funds and institutions in Table 1 are as follows (in the order presented): Adaptation Fund, Climate Investment Funds, Global Environment Facility, African Development Bank, and the Inter-American Development Bank.

² Any investment (loan) needs to be requested by the beneficiary country. In the case of loan operations, investments are included in a multi-year pipeline (country strategies) negotiated by the IDB and respective finance ministry and assigned a classification (A or B) on the basis of the relevance for the country and time of presentation to the IDB's Board of Executive Directors. Periodic analytical sector frameworks feed into these country strategies and are discussed with incoming governments every 4-5 years and include debt sustainability and macroeconomic health analyses. Annual programming exercises reprioritize (using A or B classification) both private and public sector projects depending on country needs. Technical cooperation is mainly to support and facilitate investment loans and are thus selected, for instance, to directly prepare investments, support enabling environments and strengthen institutional capacity or climate studies for programmes.

Table 2: Summary of assessment levels, criteria and benchmarks

Fund or institution	Level of assessment detail	Rating on criteria level	Minimum benchmarks used	Weighting on criteria level	Comments
AF	Coverage area, sub-criteria	No	No	No	
CIF (regular)	Coverage area, sub-criteria	No	Limited	No	Benchmarks are defined for CTF in two specific areas: cost (US\$/CO ₂ e) and coal and gas power investments.
CIF (private sector) ³	Sub-criteria	Both (see comments column)	Limited	Both* (see comments column)	Criteria weighting and rating only applies to the SCF private sector set-aside programmes.
GEF	Coverage area, sub-criteria	No	No	No	
AfDB	Sub-criteria	No (see comments column)	No	No	Rating applies for risk assessment only.
IDB	Sub-criteria	Limited	Limited	No	- Development effectiveness uses rating and minimum threshold. - Rating applies for financial risk and environmental and social risks.
World Bank	Sub-criteria	No	Limited	No	Minimum benchmarks are used for economic and financial rate of return and cost effectiveness, but managerial discretion is applied. Projects with negative returns may be approved if they have a high transformational impact

³ https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Private_sector_operational_guidelines_revised_OCT2012.pdf