



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**  
9 – 13 November 2020  
Virtual meeting  
Provisional agenda item 15

**GCF/B.27/Inf.14/Add.03**

2 November 2020

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Written feedback received from  
accredited entities on the draft  
document titled “Integrated Results  
Tracking Tool”

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**FOR GCF ACCREDITED ENTITY  
CONSULTATION ONLY**

Meeting of the Board  
XX – XX Month 2020  
Provisional agenda item XX

GCF/B.XX/XX  
XX June 2020

# Integrated Results Management Framework

## Summary

This document presents the GCF's Integrated Results Management Framework (IRMF), intended to supersede the initial Results Management Framework (Decision B.07/04) and Performance Measurement Frameworks (PMFs) (Decision B.08/07) by updating the GCF's results architecture and related measurement and reporting approaches for the GCF-1 programming.

The IRMF seeks to further strengthen GCF's ability to measure and report the impact of its investments, by updating GCF's results architecture to operate in improved alignment with the GCF Investment Framework and enable more consistent measurement and reporting of results from the project/programme level. This proposed results architecture is designed to measure both quantifiable impacts of GCF investments, as well as allowing to measure its contribution to paradigm shift and to implementing the objectives of the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement, per the objectives set out in the GCF's Governing Instrument and Strategic Plan.

This document has been updated to support a second round of Board consultations on the IRMF, with a view to finalize the policy for Board approval. In response to Board comments received to date, the following new content has been added: (1) step-by-step information explaining the policy (Background paper, Section III); (2) refinements to proposed indicators and definitions (3) additional information on measuring paradigm shift potential (Annex III); and (4) illustrative indicator guidance sheets (Annexes IV and V).

**Commented [CE2]: General comment (92) by CI Entity (24 7 2020 4:22 오전)**

1. CI requests clarification – it appears that there are no sub-indicators under Core Indicator 1 that are relevant to GHG / Emissions Reductions achieved through 'forests and land use'.

2. CI notes that upon approval of the IRMF, revisions will be made to the FP and APR templates.

a. CI requests the timeline for development of these new templates (and the additional guidance documents noted ...)

**Commented [CE3]: General comment (81) by CDB Entity (24 7 2020 1:03 오전)**

One area that has proved challenging for some AEs is the process of defining the set of Project Performance Indicators needed for each proposal. Guidance provided by the GCF Secretariat regarding such indicators (as well as the standards applied) has varied from proposal to proposal. Sometimes different standards (some much more onerou ...)

**Commented [CE4]: General comment (80) by CDB Entity (24 7 2020 1:02 오전)**

Utility-scale investments and other interventions are of critical importance to the transformation of some sectors (e.g. water) and the paradigm shift that the GCF seeks to support. Utility-focused projects would likely deliver the majority of their adaptation benefits at the scale of the utility (i.e. water supply and system), and may not target ...)

**Commented [ADBE5]: General comment (58) by Asian Development Bank Entity (23 7 2020 12:40 오후)**

The proposed IRMF seems to take indicators and scorecard (summation) approach in absolute values. This could lead to bias against small projects, and small or less-densely populated countries which are otherwise at significant risk of climate change impacts.

**Commented [ADBE6]: General comment (57) by Asian Development Bank Entity (23 7 2020 12:39 오후)**

As results-based management frameworks have been adopted by multiple organizations including the UN, there have been studies documenting the challenges to these approaches. Among this is for various stakeholders to understand how to adopt and use IRMF in better achieving the intended outcomes. The document could briefly discu ...)

**Commented [ADBE7]: General comment (56) by Asian Development Bank Entity (23 7 2020 12:36 오후)**

The IRMF is a pragmatic and systematic approach to allocating scarce resources available for development projects. Public and not-for-profit sector organizations around the world are adopting such results-oriented approaches. As often defined, "results-based management is a strategy that lays the foundations for an integrated ...)

**Commented [ADBE8]: General comment (55) by Asian Development Bank Entity (23 7 2020 12:34 오후)**

The Integrated Results Management Framework proposed by GCF is well prepared. Its logframe has considered realistic and practical consideration of indicators and scoring system for timely monitoring, evaluation, and taking corrective measures. It aims to measure its goal of achiev ...)

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## I. Background and mandate

1. In relation to results management, the principal objective of the GCF is to ensure it can credibly measure the results of its investments. Per paragraph 58 of the Governing Instrument, the Board was charged with approving a results measurement framework with guidelines and appropriate performance indicators.

2. Through decision B.05/03, the Board adopted initial result areas and performance indicators for the GCF with guidance that GCF's initial results management framework (initial RMF) shall be designed to "enable effective monitoring and evaluation of the outputs, outcomes and impacts of the GCF's investments and portfolio, and the GCF's organizational effectiveness and operational efficiency." Subsequently, in decision B.07/04, the Board adopted the initial RMF, and later through Decision B.08/07, adopted correlated performance indicators through the performance measurement frameworks (PMFs).

3. In accordance with decision B.19/21, in 2018 the Independent Evaluation Unit (IEU) carried out an independent review<sup>1</sup> of the GCF's initial RMF (IEU review). This review, along with the Secretariat's experience of implementation during the Initial Resource Mobilization (IRM) period, identified limitations in the initial RMF. These relate to:

- (a) *Gaps and flaws in the conceptual framework:* The initial RMF falls short of describing how GCF can measure its contribution to paradigm shift or to the goals of the UNFCCC and Paris Agreement. Issues have also arisen from flawed logic models for mitigation and adaptation, which are highly linear and lack harmonization of indicators across the results chain. This has impeded clear definition of causal pathways and the separate logic models for mitigation and adaptation which make it difficult to measure multiple benefits from cross-cutting activities.
- (b) *Lack of guidance on application of indicators:* The absence of guidance, definitions and protocols on the application of indicators has led to significant inconsistencies in the measurement and reporting of results at project/programme level. This limits GCF's ability to aggregate and report credible portfolio level results. Current indicators also do not present a full picture of results, particularly for adaptation.
- (c) *Difficulty applying a dispersed and incoherent set of frameworks:* The multiplicity of Board-approved frameworks, including but not limited to the initial RMF, PMFs and initial Investment Framework (initial IF), and lack of coherence between frameworks, has led to marginalization in use of the initial RMF by the GCF and stakeholders. At present, the initial IF and initial RMF do not explicitly link together. In other words, there is limited alignment between application of the initial IF in the *ex-ante assessment* of projects/programmes and the application of the initial RMF/PMFs for *ex-post measurement* of results generated, i.e. no single, coherent and consistent framework for the GCF to manage its investments for results.
- (d) *Inadequate resourcing for RMF application:* Organization of Secretariat capabilities to implement the initial RMF had been weak, also noting a large proportion of early GCF projects/programmes had not made sufficient budgetary provisions to ensure credible monitoring, evaluation and reporting of results.

4. Overall, the IEU review found these weaknesses in the initial RMF had materially affected the quality of funding proposals (FPs). The IEU review concluded that more than two-thirds of the GCF approved FPs (at the time) did not clearly define causal pathways that show how activities lead to climate change impact, with 40 per cent lacking indicators to report on

<sup>1</sup> Independent Evaluation Unit (2018). Independent review of the GCF's Results Management Framework, Evaluation Report No. 1/2018, Green Climate Fund, Songdo, South Korea.

impacts projects/programmes were otherwise planning and 70 per cent insufficiently planning and budgeting for monitoring and evaluation (M&E). Inconsistent project/programme-level reporting has also limited GCF's ability to aggregate and report credible portfolio-level results, with IRM reporting based on only two main indicators – tonnes and beneficiaries – and planned rather than actual results.

5. At the twenty-second meeting of the Board (B.22), and in response to the IEU review and the Secretariat's management response, the Board requested the Secretariat through Decision B.22/13 to: (i) present for the Board's consideration a revised RMF that integrates relevant Board decisions, policies and frameworks related to results management across the GCF process cycles, to the extent possible, including developing measurement, reporting and verification (MRV) systems/methodologies for indicators in consultation with relevant experts and thematic bodies; (ii) develop for the Board's consideration a proposal to respond to gaps in the current portfolio for measurement and evaluation design; and (iii) ensure that accredited entities (AE) adequately budget costs related to data collection and baseline assessment as part of project/programme costs to establish credibility of results reporting.

6. The proposed integrated results management framework (IRMF) presented as Annex II to this document aims to respond to the Board's mandate to revise the GCF's initial RMF and ensure better integration with other policies, including the initial IF. A separate paper responding to M&E gaps in the portfolio has been prepared and published for the Board's consideration at B.25 (Document GCF/B.25/05).

7. It is also noted that one of the recommendations in the Replenishment Summary Report, which the Board agreed under Decision B.24/02 to further consider in conjunction with items on its work plan, relates to implementing the an updated results management framework, integrated with a resources management framework, that allows measurement and reporting of how all funded activities and operations contribute to overall GCF's strategic objectives and Paris Agreement goals.

## II. Policy rationale

8. Beyond the IEU review findings described above, the context for GCF's operations has evolved significantly since the initial RMF was adopted at the seventh meeting of the Board (B.07) in 2014. Major developments include the adoption of the Paris Agreement in 2015 and the Board's endorsement of an initial Strategic Plan for the Fund in 2016 that set out a long-term vision of promoting paradigm shift towards low emission climate resilience in the context of sustainable development and supporting the implementation of the Paris Agreement. In 2019, the GCF successfully completed its first replenishment (GCF-1) and the Board is updating the GCF's Strategic Plan for the GCF-1 period (2020-2023), including setting objectives, strategic and operational priorities.

9. These developments have together helped to clarify and refine the GCF's overall vision for delivering results. Accordingly, the IRMF is proposed as an essential response to both the IEU review and the updated strategic context of the GCF. The IRMF aims to update the GCF's results management architecture to be "fit-for-purpose" for the GCF-1 programming, enabling the GCF to consistently and credibly measure and report the results of its funded activities, in the context of GCF's updated strategic objectives and lessons from the IRM period.

## III. Analysis of policy proposal

10. The IRMF is a tool to determine how progress towards results should be measured, reported and analysed, including ways learning can be captured and fed back into GCF decision-making processes. Aligned with GCF's Governing Instrument, the IRMF will be used to measure

performance of the GCF portfolio against the indicators and will be reviewed periodically in order to support the continuous improvement of the Fund's impact, effectiveness and operational performance. The IRMF establishes requirements and processes for project/programme-level monitoring, but also defines how project/programme-level data will be aggregated to report on the GCF's sector and portfolio-level progress.

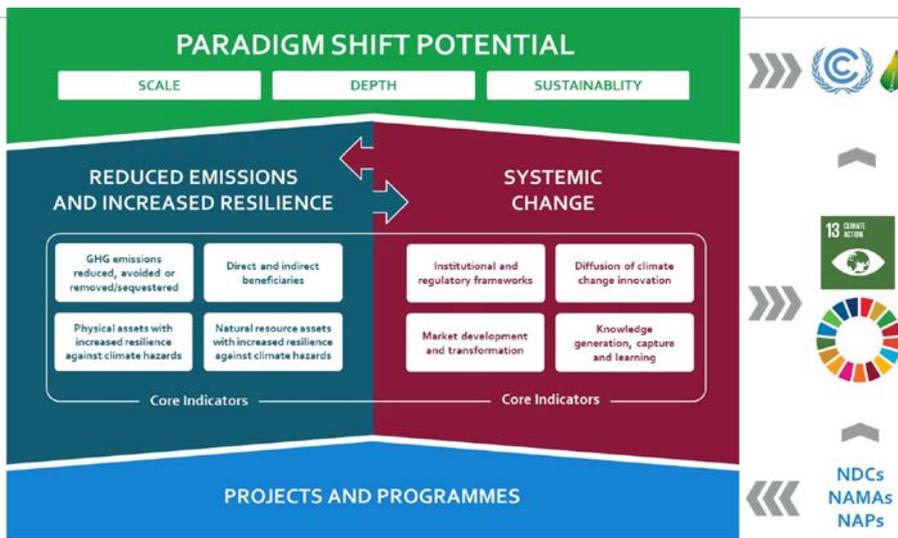
11. The proposed IRMF set out in Annex II aims to address gaps and weaknesses identified in the initial RMF and its application, by setting out a clearer, more complete and coherent architecture for GCF results management directed at two main objectives: (i) facilitating more consistent and credible reporting of climate results of GCF-funded projects/programmes, that can be aggregated and reported at the portfolio level; and (ii) allowing the GCF to start assessing the contribution of its investments to promoting paradigm shift towards low-emissions and climate-resilient development pathways and supporting implementation of the UNFCCC and Paris Agreement.

12. The IRMF has been designed to improve alignment with other GCF policy frameworks, most notably the initial IF, while respecting the different purposes of each framework: namely, the initial IF being to guide *ex-ante* assessment of projects/programmes for approval (based on six investment criteria and underlying sub-criteria) and the initial RMF to *ex-post* manage results of approved projects/programmes. The IRMF is not intended to modify the initial IF or the GCF's eligibility criteria but to operate consistently with them. Prior to project/programme approval, the initial IF (supported by the Investment Criteria Scorecard) is used to define and assess – amongst other things – a prospective project's/programme's **results potential**, specifically potential for delivering (i) **climate impact** (ii) **paradigm shift** and (iii) **sustainable development**. While the initial IF establishes **potential** results in these domains, the IRMF defines what **actual** results might look like. Moreover, the IRMF goes beyond measuring progress against relevant initial IF criteria, also supporting projects/programmes to define and measure more granular results through, for example, context and sector-specific indicators and an increased emphasis on qualitative measurement. By supporting strengthened measurement of more granular, qualitative results, the IRMF lets the GCF develop a deeper understanding of not just what results are being achieved, but why and how results are achieved.

13. The IRMF maintains the flexibility that was identified as a strength of the initial RMF and keeps continuity with core elements of the initial RMF, including the GCF's eight result areas and core indicators for reduced emissions and increased resilience, while updating areas identified as gaps and weaknesses in the initial RMF. In this sense, the development of the IRMF is an evolutionary, rather than a revolutionary process.

14. The overall structure of the IRMF structure is set out in Figure 1 below:

Figure 1: IRMF results architecture



15. This architecture is designed to measure results at four levels:

16. **Paradigm shift potential:** Paradigm shift is a long-term process that involves the irreversible transition of sectors, countries or regions to low-emission and/or resilient development. The GCF has been supporting paradigm shift through all its investments and it is crucial that the GCF is able to measure the potential for paradigm shift. Under Building on the definition of paradigm shift potential in the initial IF, the IRMF endeavours to start measuring paradigm shift potential through both (i) measuring observable outcomes of projects/programmes at the interdependent result layers of “Reduced Emissions and Increased Resilience” and “Systemic Change”, which together indicate potential pathways to paradigm shift; and (ii) a further level of measurement of three wider dimensions of paradigm shift potential: scale, depth, and sustainability.

17. **Annex III** provides an illustration of key principles of paradigm shift, with initial guidance on definitions and approaches for measuring paradigm shift potential, which will be further developed by the GCF Secretariat upon approval of the IRMF by the Board. Under the IRMF, measurement of paradigm shift potential will consist of several elements, including those in the current RMF. AEs will describe up front what paradigm shift looks like for their project/programme and continue reporting on paradigm shift potential in APRs as part of reporting during implementation. Additionally, mid-term and final evaluations will aim to identify early signs, observations or perceptions related to realization of paradigm shift potential. Finally, the Secretariat will conduct, or commission selected verifications after the end of the implementation period to confirm whether paradigm shift as defined by the GCF and described by AEs for the funded activity has occurred. Such an approach will aid consistency across projects/programmes and allow aggregation and adequate reporting of the Fund to the Board.

18. As part of the assessment against the initial IF (i.e. prior to project/programme approval), AEs will be required to describe what “paradigm shift potential” looks like for their project/programme, also identifying how the project/programme will contribute to that. Developing project/programme-level definitions recognizes that paradigm shift is highly context-specific. For example, paradigm shift in a small island developing state will look

**Commented [UNDPE9]: Comment (13) by United Nations Development Programme Entity (20 7 2020 9:21 오후)**

It is not certain if any of the transitions AEs promote is irreversible. If we go strictly by this definition, likely no project can be labelled as paradigm shifting.

different to paradigm shift in a large, populous country with diverse ecosystems. Project/programme-level descriptions of paradigm shift potential should be based on the above dimensions, although recognizing that dimensions will have different “weights” and degrees of relevance depending on the precise nature of the project/programme.

19. Definitions of what will be measured during implementation or ex-post under three wider dimensions of paradigm shift potential is set out below:

- **Scale:** Degree to which there has been a significant increase in quantifiable results within and beyond the scope of the intervention, including evidence of scaling up innovation and replication.
- **Depth:** Degree to which an intervention has been taken up in terms of shift in behaviour, markets, systems and decision-making and embedded within the intervention’s targeted groups and/or systems without equally increasing its cost base.
- **Sustainability:** Degree to which a structural, cultural and financial base has been created to support the desired change and is continued over time.

20. In close consultation with the project’s/programme’s main stakeholder groups, AEs will through interim and final evaluations, be asked to report on initial observable progress towards achieving project/programme-level paradigm shift potential against the three dimensions and how the project/programme is contributing. This recognises that for many projects/programmes, observable effects during the project implementation period may be limited, with paradigm shift potentially realized over the longer term. In addition to these “self-evaluations” by AEs, the GCF Secretariat will carry out ex-post verifications and may commission evaluative studies/reviews to measure the three wider dimensions of paradigm shift potential following project/programme completion<sup>2</sup>.

21. AE evaluations will be based on a scorecard approach similar to that applied for the IRMF’s systemic change results. Each paradigm shift potential dimension is supported by an underlying “scorecard” that presents a set of statements defining what constitutes – for example – “weak” sustainability versus “strong” sustainability. The scale-based scorecards along with narratives are then used to assess (“score”) progress towards each dimension. The GCF Secretariat will collate and aggregate all project/programme-level scorecard data in order to track portfolio-level trends across the three dimensions of paradigm shift potential. Given the emphasis on learning at this level, the Secretariat will also be responsible for continuously examining the portfolio’s qualitative data to be collected through the annual performance reports (APRs), with a view to identifying emerging lessons and trends. These will, in turn, ensure lessons are fed back into GCF knowledge generation and decision-making processes.

22. **Reduced emissions and increased resilience:** This result level will be used to track major climate-focused impacts that GCF-funded projects/programmes work towards. These include results that are routinely used by other climate finance mechanisms, are commonly tracked by national statistical authorities, and in alignment with the Sustainable Development Goals (SDGs). As the level’s title suggests, this will necessitate gathering data on emission reductions and resilience, but will also cover results relating to social, economic, and natural resource assets as well as land, forest and ecosystem management.

23. Four core indicators (all quantitative) will be used to track progress at this result level:

- **Core indicator 1:** GHG emissions reduced, avoided or removed/sequestered, per result area
- **Core indicator 2:** Direct and indirect beneficiaries, per result area

<sup>2</sup> Note paradigm shift potential in the context of adaptation is more strongly linked to indicators on policies, institutions and innovations under the systemic change quadrant.

**Commented [UNDPE11]: Comment (14) by United Nations Development Programme Entity (20 7 2020 9:21 오후)**

The last year, UNDP received guidance on the evaluations, including that they shall assess the “extent to which interventions may lead to paradigm shift towards low-emission and climate resilient development pathways”) but details against these three dimensions were not specified. An official evaluation TOR/guidance would be useful before or as soon as this policy is approved.

**Commented [ADBE10]: Comment (59) by Asian Development Bank Entity (23 7 2020 12:45 오후)**

Request to change this term. The goal is to evaluate the project or program, not the AE. It is therefore an “evaluation undertaken by the AE itself” rather than a “self-evaluation”.

**Commented [ADBE13]: Comment (60) by Asian Development Bank Entity (23 7 2020 12:46 오후)**

Request to change this term. The goal is to evaluate the project or program, not the AE. It is therefore an “evaluation undertaken by the AE itself” rather than an “AE evaluation”

**Commented [ADBE12]: Comment (61) by Asian Development Bank Entity (23 7 2020 12:47 오후)**

The document may provide an illustration of the aggregation method involving multiple projects with different indicators to present the process more clearly.

**Commented [UNDPE14]: Comment (15) by United Nations Development Programme Entity (20 7 2020 9:22 오후)**

It would be recommended to consider assessing alignment with the SDG indicators as part of the ex-post verification (in addition to the three dimensions).

**Commented [ADBE15]: Comment (62) by Asian Development Bank Entity (23 7 2020 12:48 오후)**

Wouldn’t it be just as interesting (or more interesting) what share of the population are beneficiaries of resilience measures?

- **Core indicator 3:** Physical assets with increased resilience against climate hazards, by type
- **Core indicator 4:** Natural resource assets with increased resilience against climate hazards, by type

24. All GCF-funded projects/programmes will be required to monitor and report annually against either core indicator 1 or core indicator 2, or both, in line with the current practice as set in the initial RMF. Projects/programmes will also be required to monitor and report annually against core indicator 3 and core indicator 4 if these are relevant to the project/programme. Wherever relevant, core indicator methodologies will incorporate gender and social inclusion dimensions.

25. The four core indicators are supported by a suite of quantitative sub-indicators, which will allow the GCF to develop a more granular understanding of progress across eight result areas targeted by the GCF. Projects/programmes will be required to monitor appropriate sector-specific sub-indicator(s) for relevant result areas that the project/programme works towards. Wherever relevant, sub-indicator methodologies will incorporate gender and social inclusion dimensions.

26. Initial guidance on core indicators, including indicative measurement protocols, is set out in **Annex IV**. Further guidance on core and sub-indicators will be developed by the GCF Secretariat following the approval of the IRMF.

27. AEs will be responsible for overseeing monitoring of project/programme-level results at this level and will be required to report against all project/programme-relevant core indicators and sub-indicators annually through APRs. The GCF Secretariat will collate and aggregate project/programme-level data in order to track portfolio-level data, with sub-indicator data also supporting sectoral or project/programme-level analyses.

28. **Systemic Change:** Within the IRMF, the reduced emissions and increased resilience result level is most familiar to stakeholders who have worked with the GCF previously, as the level's results and underlying indicators are largely based on the GCF's initial RMF. However, the IRMF assumes that sustainable impacts –and paradigm shift – is most likely to be achieved if projects/programmes also explicitly target both quantitative results (reduced emissions and increased resilience) and qualitative results (systemic change). This assumption draws directly from the initial IF's definition of paradigm shift as "systemic change towards low-carbon and climate-resilient development pathways".

29. "Systemic change" will be context-specific and could involve strengthened institutional and regulatory frameworks, diffusion of climate change innovation, market development and transformation, or knowledge generation, capture and learning. The IRMF assumes that – regardless of what the specifics of systemic change look like – projects/programmes will need to focus on qualitative assessments for systemic change to support the delivery and sustainability of broader climate impacts. For example, a project/programme that reduces emissions through decarbonisation of electricity supply (quantitative) will probably support development and strengthening of particular electricity regulatory bodies at sectoral, local or national level (qualitative).

30. The concept of working towards systemic change in tandem with reduced emissions and increased resilience is already inherent within existing GCF-funded projects/programmes. However, given the GCF's portfolio is still evolving, the initial RMF almost exclusively focused on the measurement of quantitative results, with limited reporting on qualitative results related to systemic change. By strengthening focus on systemic change within the IRMF, data gathered will support a far deeper understanding of not just what climate results are being achieved, but why and how those results are being achieved.

**Commented [ADBE16]: Comment (63) by Asian Development Bank Entity (23 7 2020 12:49 오후)**

In a quantitative assessment, what is the unit of aggregation? Value of the assets? Wouldn't it be just as interesting (or more interesting) what share of the (value of) assets benefit from resilience measures?

**Commented [ADBE17]: Comment (64) by Asian Development Bank Entity (23 7 2020 12:49 오후)**

Same comment as above

**Commented [UNDP19]: Comment (16) by United Nations Development Programme Entity (20 7 2020 9:22 오후)**

Considerations could be given to track the core indicators at the start, mid-term and at the end of the project, instead of annually. Systemic changes in these indicators might not be happening every year and annual reporting on all indicators might therefore not be necessary.

**Commented [ADBE18]: Comment (65) by Asian Development Bank Entity (23 7 2020 12:49 오후)**

What does this mean? Need to be more concrete.

**Commented [GE20]: Comment (1) by GIZ Entity (17 7 2020 10:40 오후)**

Clarification on whether contribution to core indicators are counted; if not pre-defined sub-indicator captures this change would be appreciated.

**Commented [GE21]: Comment (2) by GIZ Entity (17 7 2020 10:42 오후)**

Clear indication on the application of new requirements to already approved projects should be included.

31. Four core indicators will be used to track progress on systemic change. Definitions of what will be measured against these are set out below:

- **Core indicator 5:** Institutional and regulatory frameworks – degree to which GCF investments contribute to strengthening institutional and legally-binding regulatory frameworks for low carbon climate-resilient development pathways.
- **Core indicator 6:** Diffusion of climate change innovation – degree to which GCF’s investments contribute to innovations not previously or widely demonstrated in a particular context and strengthen conditions which facilitate the effective development, uptake and transfer of innovations.
- **Core indicator 7:** Market development and transformation – degree to which GCF’s investments contribute to new markets and business activities at the sectoral, local, or national level and create enabling environments for market transformation.
- **Core indicator 8:** Knowledge generation, capture and learning – degree to which GCF’s investments contribute to effective knowledge generation and learning processes, and use of good practices, methodologies and standards for aligning financial flows with sustainable development.

32. Projects/programmes may only be targeting specific systemic changes. Therefore, all projects/programme do not necessarily have to track all four indicators. At a minimum, AEs should monitor at least two indicators, including knowledge generation, capture and learning. Given the nature of systems change, it may be that projects/programmes will influence change in areas they had not explicitly targeted. If that is the case, these should be tracked as it could illustrate the achievement of a broader set of outcomes than initially anticipated.

33. Initial guidance on measuring systemic change is provided in **Annex V**. Further guidance will be developed by the Secretariat following the adoption of the IRMF. Each indicator is supported by an underlying “scorecard” that presents a set of statements defining what constitutes – for example – “weak” contribution to institutional and regulatory frameworks versus “strong” contribution to institutional and regulatory frameworks. The scale-based scorecards are then periodically used to assess (“score”) progress towards each indicator.

34. Monitoring will be based on an annual scorecard assessment through APRs, along with participatory approaches involving main stakeholder groups. The GCF Secretariat will then collate and aggregate project/programme-level data in order to track portfolio-level trends. All four systemic change indicator methodologies will incorporate gender and social inclusion dimensions.

35. **Project/programme level:** AEs will develop project/programme-level theory of change (TOC), logical frameworks and measurement approaches based on guidance provided by the GCF, as summarized below:

- Prior to implementation, AEs describe paradigm shift potential, identify applicable core indicators and sub-indicators, and establish project/programme-level outputs within the context of the project/programme.
- Monitor and report progress made on realizing paradigm shift potential and its three dimensions (scale, depth, and sustainability) through APRs, using anecdotal narratives or case study examples to enhance knowledge and learning across the portfolio.
- As with the initial RMF, AEs monitor and report annually through APRs on either Reduced Emissions and Increased Resilience core indicator 1 (GHG emissions reduced, avoided or removed/sequestered) or core indicator 2 (Direct and indirect beneficiaries), or both; monitor and report on other Reduced Emissions and Increased Resilience indicators and sub-indicators, if relevant to the project/programme.

**Commented [GE22]: Comment (3) by GIZ Entity (17 7 2020 10:45 오후)**

Does the document provide definition on innovation in this context? To avoid leaving room for different interpretation, we highly recommend to define what it meant by innovation.

- AEs monitor and report annually through APRs on relevant core indicators for systemic change
- AEs monitor and report annually through APRs on project/programme-level outputs and activities.

36. Key design principles of the IRMF are:

- (a) **Fewer and more consistent indicators:** The IRMF proposes 23 core and sub-indicators compared to 41<sup>3</sup> under the initial RMF/PMFs. Recognizing that under the initial RMF some indicators were too broad in their definition for AEs to report against, the IRMF aims to build on indicators in the initial RMF and include SMART<sup>4</sup> indicators for mitigation and adaptation activities. These are mapped against the initial IF and indicators used by other climate finance delivery mechanisms to build complementarity and coherence and ensure maximum familiarity to a range of AEs.
- (b) **Flexibility with methodological rigor:** The IRMF gives AEs flexibility to select indicators most relevant to the project/programme and facilitate measurement of multiple and integrated benefits across mitigation and adaptation as well as result areas. AEs will be encouraged to incorporate indicators relevant to the nature of funded activities. Noting that one of the critical gaps in the initial RMF/PMFs was the absence of measurement guidance and protocols, more detailed guidance will be provided upon the adoption of the IRMF. This will allow for more meaningful aggregation and comparison across projects/programmes.
- (c) **Measuring paradigm shift potential:** The IRMF recognizes the importance of the GCF having a results framework that looks at multiple causal pathways toward the GCF's ultimate objective of promoting paradigm shift and an understanding of how paradigm shift potential is delivered. The IRMF accordingly introduces approaches for evaluating GCF's impact in contributing to paradigm shift. At the outcomes level, it reflects the view that paradigm shift will be enabled through a combination of actions to reduce emissions and increase resilience, along with work to deliver systemic change.
- (d) **Results management in alignment with the IF criteria:** The IRMF seeks to utilize measurements which mirror the initial IF criteria and activity-specific sub-criteria adopted in Decision B.09/05. The IRMF measures paradigm shift potential (outcomes which, in many instances, may only be measurable beyond a project's/programme's lifetime) and systemic change (outcomes directly attributable to a project/programme). Linkages between the initial IF sub-criteria and IRMF are illustrated in Figure 2 below and **Annex VI**.
- (i) **Encouraging participatory approaches:** The IRMF builds on participatory monitoring approaches as encouraged by the Monitoring and Accountability Framework (MAF), utilizing qualitative scorecard assessments and evaluations at different levels of the results architecture, and encouraging multi-stakeholder participation in M&E activities.
- (j) **Focus on learning and not just accountability:** The IRMF includes learning loops that can track progress towards change, support adaptive management and map out required capacity and resources to be operationally effective.
- (k) **Clear focus on integrating gender and social inclusion:** The IRMF aims to provide a robust body of evidence to support assessments as to how women and men are benefitting from GCF interventions. Sex-disaggregated data is included as a requirement

**Commented [UNDPE23]:** Comment (17) by United Nations Development Programme Entity (20 7 2020 9:23 오후)  
UNDP welcomes this approach.

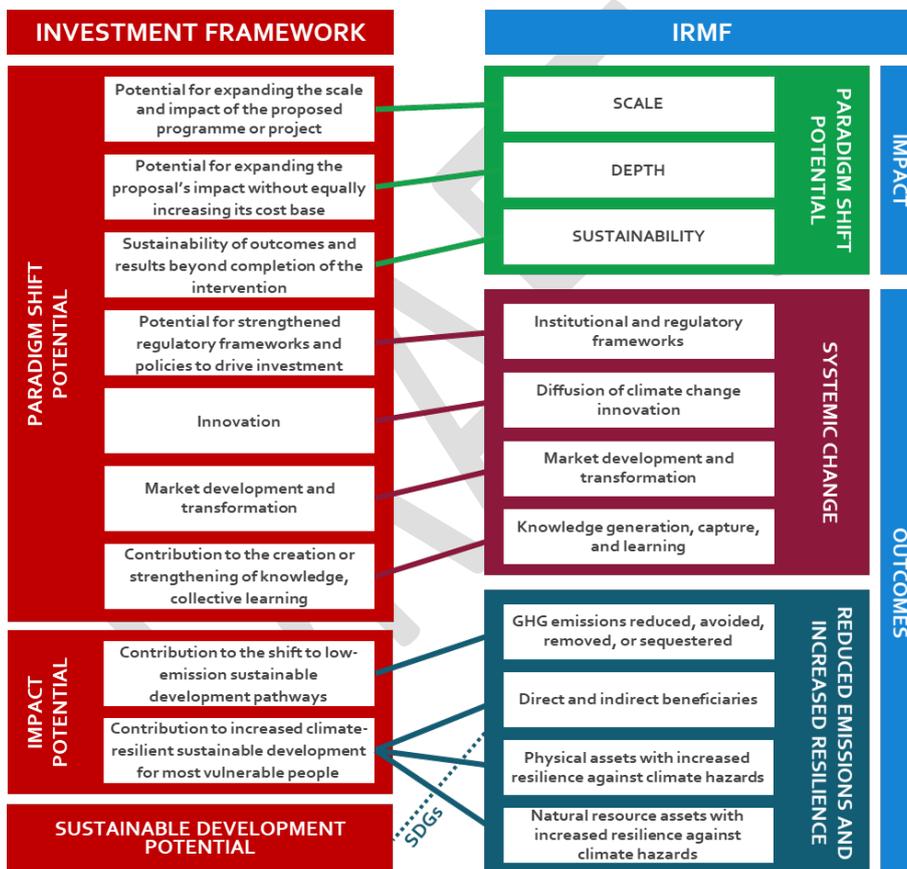
<sup>3</sup> The Secretariat undertook an analysis which revealed there are a total of 41 indicators, including indicators in the current PMFs and initial logic model for Reducing Emissions from Deforestation and forest Degradation, and the role of conservation, sustainable management of forests, and enhancement of carbon stocks (REDD+) results-based payments.

<sup>4</sup> Specific, measurable, attainable/achievable, realistic/relevant and time bound.

for all relevant quantitative indicators, and qualitative assessments for paradigm shift potential and systemic change will assess gender dimensions within an intervention. Gender-related data is not intended to replace, but rather complement GCF's gender assessments and project/programme-level gender action plans.

- (i) **Simplicity in implementation and avoiding system lock-down:** The IRMF follows the general principle that indicators and monitoring methodologies require a simpler approach and a proper amount of resources to be prioritized. The IRMF maintains flexibility allowing it to adjust to the GCF's evolving strategy and learning.

Figure 2: Alignment of the initial IF with the IRMF<sup>5</sup>



<sup>5</sup> As described in paragraph 12, the IRMF is designed to allow for more granular measurement of actual results against the IF criteria of (i) paradigm shift potential (ii) impact potential and (iii) sustainable development potential. For the other Initial IF criterion, "Efficiency and Effectiveness", "Country Ownership" and "Needs of Recipients" results can be tracked through other means, including the results tracking tool (for efficiency and effectiveness) and country-level and thematic evaluations (for country ownership and needs of recipients).

## IV. Consultations

36. The development of the IRMF has been informed by (i) the initial IF, Investment Criteria Scorecard, initial RMF, and PMFs, (ii) external documentation including benchmarking against results management approaches, indicators, measurement and evaluation methodologies in other climate finance mechanisms and multilateral organisations, and (iii) stakeholder consultations with:

- (a) GCF Secretariat staff;
- (b) Board Members/Alternate Board Members and Advisors during the twenty-third meeting of the Board (B.23), the twenty-fourth meeting of the Board (B.24) and the twenty-fifth meeting of the Board (B.25);
- (c) National Designated Authorities (NDAs) and AEs during B.23, B.24 and B.25; and
- (d) GCF country focal points, NDAs and AEs through three country visits.<sup>6</sup>

## V. Policy linkages

37. The IRMF has been developed to consider operational and policy requirements set out in the GCF's existing policy suite, particularly to more explicitly align with the initial IF and build on accountabilities outlined under the MAF.

38. Below are the GCF Board decisions and documents linked to the development of the integrated RMF:

- (a) "Financial Terms and Conditions of the Fund's Instruments" (decision B.09/04)
- (b) "Guidelines for Enhanced Country Ownership and Country Drivenness" (decision B.17/21)
- (c) "Indigenous Peoples Policy" (decision B.19/11)
- (d) "Initial Modalities for the Operation of the Fund's Mitigation and Adaptation Windows and the Private Sector Facility" (decision B.06/04)
- (e) "Initial monitoring and accountability framework for accredited entities" (decision B.11/10)
- (f) "Initial Results Management Framework of the Fund" (decision B.07/04) and "Further Development of the Initial Results Management Framework" (decision B.08/07)
- (g) "Investment Framework" (decision B.07/06) and "Further Development of the Initial Investment Framework: Sub-criteria and Methodology" (decision B.09/05)
- (h) "Policies and Procedures for the Initial Allocation of Fund Resources" (decision B.06/06)
- (i) "Results Management Framework: Independent Evaluation Unit Recommendations to improve the Results Management Framework – Final Report" (decision B.22/12)
- (j) "Review of the initial investment framework: Policy on co-financing" (decision B.24/14)

<sup>6</sup> Colombia, Georgia and Namibia were selected based on levels of experience with the GCF and geographical diversity. The objective of the country visits was to understand: (i) monitoring and reporting processes at the country level (ii) options for mainstreaming of national systems in the GCF reporting processes and (iii) capacities of NDAs and AEs, their familiarity with the GCF's results architecture, and needs for training. Country visits reiterated that: the GCF's results architecture is difficult to understand, as there are different frameworks, which are neither fully aligned nor coordinated measuring paradigm shift potential is challenging. Respondents in country visits agreed that the IRMF should be simple and easy to work with and results should utilize country systems and processes, wherever possible. In addition, methodological guidance and tools for indicators and training on the application of measurement systems are essential.

- (k) "Risk Management Framework" (decision B.17/11, B.19/04 and B.23/14)
- (l) "The Strategic Plan for the GCF: 2020–2023" (decision B.24/03)
- (m) "Updated Gender Policy and Gender Action Plan 2020-2023" (decision B.24/12)

## VI. Implementation arrangements and operational impact

### VI.1 Application of the IRMF

- 37. The IRMF will apply to all projects/programmes approved by the Board on or after the date of effectiveness of the policy. The IRMF will not be applied retroactively to FPs approved prior to the effectiveness of policy.
- 38. The IRMF will not apply to the Readiness and Preparatory Support Programme (RPSP), as the RPSP has its own logical framework.

### VI.2 Implementation of the IRMF

- 39. The following steps will be required to implement the IRMF.
  - (a) The Secretariat will update the FP and APR templates, Programming and Operations Manuals to reflect the IRMF results architecture and indicators.
  - (b) The Secretariat will prepare guidance documents on the application of the IRMF, based on initial materials in **Annexes III, IV and V**, including further development of indicators guidance sheets for both core and sub-indicators and a comprehensive results handbook<sup>7</sup>.
  - (c) The Secretariat will work with AEs to facilitate submissions of FPs in the updated template in line with the IRMF, ensuring all FPs articulate a clear TOC and logical frameworks showing strong causal linkages between project/programme-level outputs, outcomes and broader climate impacts and indicate clear timeframes for achievement of, and reporting on, expected results. This would mean applying the IRMF to new FPs and work on existing pipeline of projects/programmes to ensure the IRMF is effective two Board meetings after approval. The Secretariat will also work with AEs to ensure adequate budgeting for M&E in FPs, term sheets and FAAs.
  - (d) Based on feedback received from consultations, more in-depth analysis will be undertaken of pipeline of projects/programmes to ensure compatibility and degree of work required by the Secretariat to align more closely with ex-ante projections of climate impacts, paradigm shift potential, sustainable development potential and corresponding/relevant result areas highlighted across reduced emissions and increased resilience and systemic change in the IRMF.
  - (e) The Secretariat will conduct trainings for AEs and NDAs to kick-start initial implementation of the IRMF.
- 40. The effectiveness date of the policy will be set in light of the likely timeframes required to complete the above steps toward effective implementation. The effectiveness date would be **no later than two Board meetings** following adoption of the policy.
- 41. **Annex VIII** provides an overview of roles and responsibilities of GCF and its stakeholders for its implementation.

**Commented [UNDPE24]: Comment (18) by United Nations Development Programme Entity (20 7 2020 9:24 오후)**

Please clarify what it means that the new IRMF is effective 2 board meetings after its approval in the context of funding proposal development and submission— what will be expected by that point of time from the AEs that are undergoing review or are planning to submit a concept note or a funding proposal, please? We strongly recommend giving a buffer time for all AEs to take note of the IRMF, if/once approved and allow them to familiarize themselves with the new reporting requirements, including in the new funding proposal template, that as we understand is still to be developed by the GCF Secretariat.

<sup>7</sup> A comprehensive results handbook will be delivered following approval of the IRMF by the Board and will contain monitoring and evaluation protocols, toolkits, guidelines and training packages for AEs/NDAs.

### VI.3 Development of RTT

42. In parallel to the finalization of the IRMF, the Secretariat will develop for the Board's consideration an RTT for GCF-1 period. The RTT will use the results architecture of the IRMF, and link climate results to resourcing and organizational results, to enable holistic reporting of GCF's performance in delivering results under its updated Strategic Plan for the GCF-1.

43. The RTT will use data collected through the implementation of the IRMF, as well as other data from GCF operations. Reporting is intended to be carried out annually from 2021 as part of the Report on Implementation of the Strategic Plan (subject to Board adoption of the policy frameworks).

### VI.4 Monitoring and reporting under the IRMF

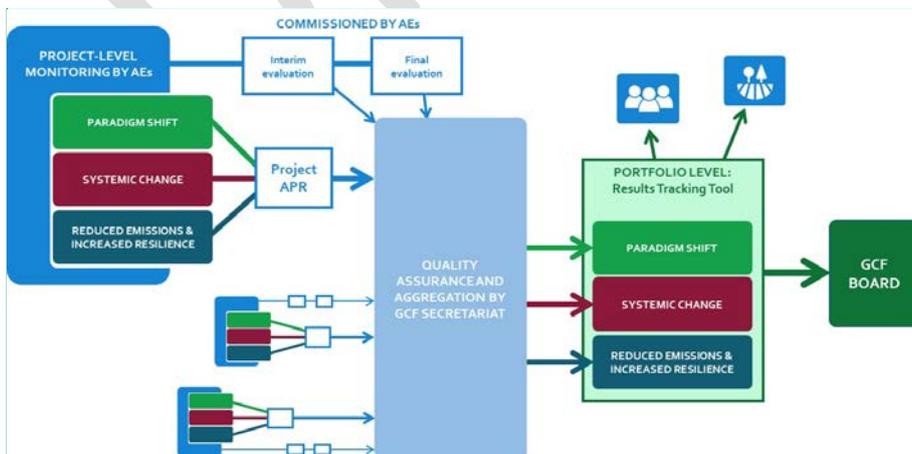
44. From the effective date of the IRMF, AEs will be required to report on project/programme results through an updated APR template. Annex II sets out how IRMF will be operationalized. In brief:

- (a) The APR cycle will be used by AEs to report on relevant quantitative results of projects/programmes and qualitative assessments for "systemic change";
- (b) As is the current practice, AEs will through APRs report on realizing paradigm shift potential using case study examples or narratives with a view to sharing knowledge generation, capture and learning;
- (c) AEs will report on scorecards of paradigm shift potential through interim and final evaluations;
- (d) The Secretariat may verify information received through APRs and other applicable reporting cycles for paradigm shift potential at post-project/programme completion.

45. The GCF will improve efficiency of annual reporting through an automated and online portfolio performance management system. This will facilitate more timely data inputs by AEs and data processing, aggregation by the GCF.

46. To optimize the implementation of the IRMF, AEs will be required to adequately budget for M&E in FPs, term sheets and FAAs.

Figure 3: Reporting process



**Commented [UNDPE25]: Comment (19) by United Nations Development Programme Entity (20 7 2020 9:25 오후)**

Please spell out RTT – it is not clear what it means as there is no previous explanation of this abbreviation.

**Commented [UNDPE26]: Comment (20) by United Nations Development Programme Entity (20 7 2020 9:25 오후)**

Please clarify what verification might entail in this context.

**Commented [CE27]: Comment (90) by CDB Entity (24 7 2020 1:15 오전)**

In this Figure, programme/project-level indicators are not mentioned. The visualization only refers to paradigm shift, systemic change and reduced emissions & increased resilience as being among the elements to be reported on in the APRs. Our understanding is that programme/project-level indicators should also be included.

**Commented [UNDPE28]: Comment (21) by United Nations Development Programme Entity (20 7 2020 9:26 오후)**

It is not clear what the blue icons above portfolio level refer to.

## VI.5 Budgetary implications

47. The Secretariat does not expect additional resources in 2020 to implement the IRMF, with next steps toward implementation, including external consultancy support for the development of guidelines which was already provisioned for in the Secretariat's 2020 Work Programme and administrative budget. However, the Secretariat does anticipate additional resources over time to effectively implement the GCF's results architecture and ensure the robustness and credibility of GCF results monitoring, reporting and evaluation, along with training for AEs/NDAs. This reflects natural growth of results management functions as the portfolio expands and moves further into implementation and focus on GCF results reporting increases. The Secretariat also anticipates a need to strengthen capabilities for ex-post verifications and reviews in order to gather a full picture of results beyond the implementation lifetime of projects/programmes, as well as for providing AEs associated advisory services and support. Additional resources would be covered through future annual work programmes and budgets as the portfolio under implementation expands.

48. For AEs, costs for implementing the IRMF will be covered through dedicated M&E budget lines and these will be indicated in FPs, term sheets and FAAs.<sup>8</sup>

49. At the country level, in keeping in line with the GCF's initial MAF principles, NDAs are encouraged to sustain an environment for participation and engagement among GCF stakeholders, including AEs, and civil society groups to assess how GCF investments have contributed to climate results, in line with the IRMF.

## VII. Monitoring and review

50. The IRMF will be reviewed in the third year of GCF's replenishment cycle, as part of the overall policy review cycle. For the GCF-1 period, the focus of this review (expected to happen shortly after the adoption of the IRMF) will be to examine steps taken to implement the IRMF and provide further recommendations on how it can be implemented in the most cost-effective and efficient manner, including by examining external capacity gaps. Subsequent reviews of the IRMF will consider alignment with future Strategic Plans and programming directions and assess the policy's fitness for purpose in supporting the measurement of results in line with GCF's strategic objectives.

**Commented [GC29]:** IFAD FCD: Building on the experience of EU expenditure verifications taking place several years after the project closure, we would recommend to perform verification (operational and/or financial) during project implementation or at project closure, and avoid ex-post verifications.

<sup>8</sup> For instance, the Global Fund recommends that 5 to 10 percent of total project costs should be allocated to M&E. The Climate Investment Funds allocated about 13 percent of the total administrative services budget to M&E for 2019, including stakeholder engagement in review of implementation. In GCF's context, this could vary depending on the size, scale, complexity of the project/programme. In any event, budgetary resources complemented by sufficient technical and human resources should be factored in by AEs to credibly report on actual results, as the portfolio matures.

## Annex I: Draft decision of the Board

1. The Board, having considered document GCF/B.XX/XX titled “Integrated Results Management Framework”:
  - (a) Approves the Integrated Results Management Framework (IRMF), including the proposed core, sub-indicators and approach as set out in Annex II, while noting explicitly these would replace the initial Results Management Framework set out in decision B.07/04 and Performance Measurement Frameworks set out in decision B.08/07 with effect from the effectiveness date of the IRMF.
  - (b) Requests the Secretariat to further develop indicator guidance sheets and other guiding documents including a comprehensive results handbook, based on the proposed integrated results architecture set out in the IRMF.
  - (c) Requests the Secretariat to implement capacity building initiatives on management for results, measurement and reporting systems for AEs and other relevant stakeholders to enable effective implementation of the IRMF.

**Commented [ADBE30]: Comment (66) by Asian Development Bank Entity (23 7 2020 12:51 오후)**  
Need to add here also that this new policy only applies to new projects from a certain date. See Annex II, Section II

## Annex II: Integrated Results Management Framework

### I. Objective

1. The Integrated Results Management Framework (IRMF) sets out GCF's approach to measuring how its investments deliver climate results and how its results contribute to the Fund's overall objectives of promoting paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development and supporting implementation of the Paris Agreement and UNFCCC, as set out in its Governing Instrument and initial Strategic Plan.
2. The IRMF establishes an updated GCF results architecture including levels at which results will be measured, indicators and measurement approaches. It clarifies roles and responsibilities for results management and reporting. The IRMF establishes requirements and processes for project/programme level monitoring and also defines how project/programme level data will be aggregated to report on GCF portfolio-level progress.
3. The IRMF is designed to be fully aligned with the initial Investment Framework (initial IF) which governs assessment and selection of projects/programmes based on their potential results ("ex-ante"), while the IRMF enables definition, measurement and reporting of actual results ("ex-post").

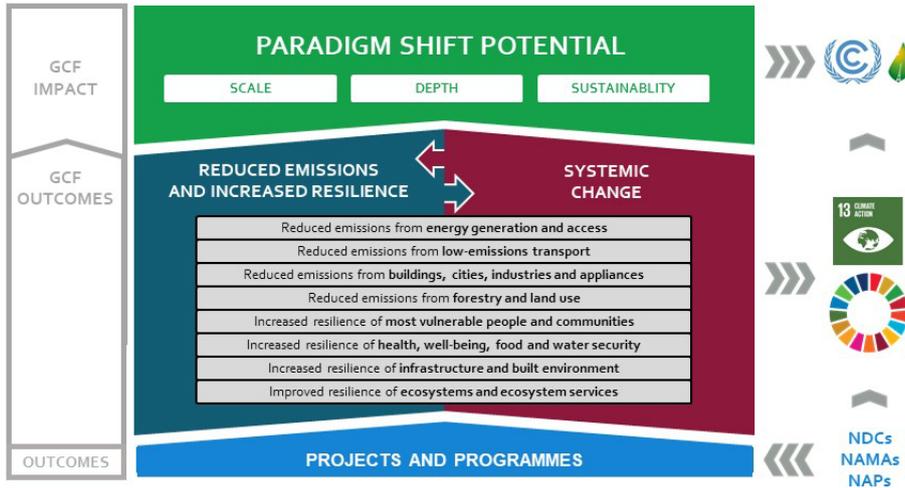
### II. Scope

4. The IRMF applies to projects/programmes approved by the GCF Board on or after the date of effectiveness of this policy. In relation to such projects/programmes, the IRMF supersedes both the initial RMF (Decision B.07/04) and PMFs (Decision B.08/07).

### III. Overall structure of the IRMF

5. **Figure 1** presents the overall structure of the IRMF, including result areas and levels:

Figure 1: Overall structure of the IRMF



### III.1 Result areas

6. The IRMF will be based on eight result areas as identified in **Figure 2**, recognizing that projects/programmes may be cross-cutting across result areas and logic models should facilitate results reporting accordingly. The eight result areas are:

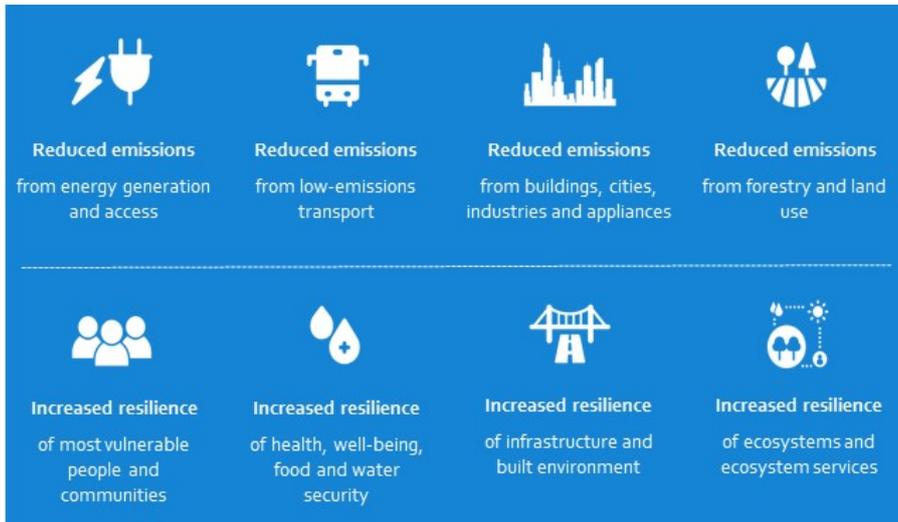
- (a) Reduced emissions from:
  - (i) energy generation and access
  - (ii) low-emissions transport
  - (iii) buildings, cities, industries and appliances
  - (iv) forestry and land use
- (b) Increased resilience of:
  - (i) most vulnerable people and communities
  - (ii) health, well-being, food and water security
  - (iii) infrastructure and built environment
  - (iv) ecosystems and ecosystem services

7. The GCF will report portfolio level results for each of the eight result areas.

**Commented [ADBE31]: Comment (67) by Asian Development Bank Entity (23 7 2020 12:52 오후)**

We suggest for the framework to also consider “reduced emission from livestock and agriculture” under section III.1, para 6, item (a), and “increased resilience of agriculture” and “Cities (urban environment)” under section III.1, para 6, item (b) as additional indicators. The rate of glacier retreat, reducing snow cover in the mountains, and drying of water sources in the hills due to climate change impacts could also be considered as framework indicators. The inclusion of the above suggested additional indicators will also need to be reflected in other sections of the document, where may be necessary.

Figure 2: GCF result areas



### III.2 Result levels

8. Result levels of the IRMF have been structured following the logic that pathways to paradigm shift can be achieved where GCF-funded activities define and target a combination of outcomes to both reduced emissions and increased resilience and systemic change. As shown above in Figure 1, the IRMF seeks to track and manage results at the following levels:

- (a) **GCF Impact – Paradigm shift potential:** aims to measure GCF’s impact in contributing to paradigm shift, in the context of supporting implementation of the UNFCCC and Paris Agreement. Measurement of paradigm shift potential is informed by both observed results at the interdependent “GCF Outcomes” layers (per below), and assessment of three key dimensions of paradigm shift potential (scale, depth, and sustainability). These are typically delivered beyond the lifetime of a project/programme and may not be directly attributable to GCF interventions only.
- (b) **GCF Outcomes:** aims to measure observable outcomes of GCF funded projects/programmes across two interdependent layers which interact to underpin pathways to paradigm shift.
  - (i) **Reduced GHG emissions and increased resilience:** aims to measure quantified mitigation and adaptation outcomes delivered by GCF projects/programmes and which are directly attributable to the GCF interventions; and
  - (ii) **Systemic change:** aims to measure how GCF projects/programmes have contributed to enabling conditions for paradigm shift, measuring outcomes directly attributable to the GCF interventions.
- (c) **GCF Project/Programme level outcomes and outputs:** allows AEs to further specify, on a case-by-case basis, additional outcomes and outputs which they will measure and report progress in logical frameworks at the project/programme level. At the same

**Commented [UNDPE33]: Comment (22) by United Nations Development Programme Entity (20 7 2020 9:27 오후)**

What is the rationale for measuring paradigm shift on the basis of GCF outcomes? Would it not make sense just to measure it on the basis of the three dimensions? The GCF outcomes will be measured and tracked in any case. - -

**Commented [UNDPE32]: Comment (23) by United Nations Development Programme Entity (20 7 2020 9:28 오후)**

What do you mean by these, please? Dimension and/or outcomes?

Also, is the lifetime the appropriate word to use? Previously, GCF used the term lifetime or lifespan to refer to the period during which the benefit stream of a project/programme lasts. E.g. for a solar energy battery storage project, lifetime of the project would correspond to the lifetime of the battery (and go beyond project implementation period). If this definition is followed, then the results might be observable during project lifetime (after project implementation ends).

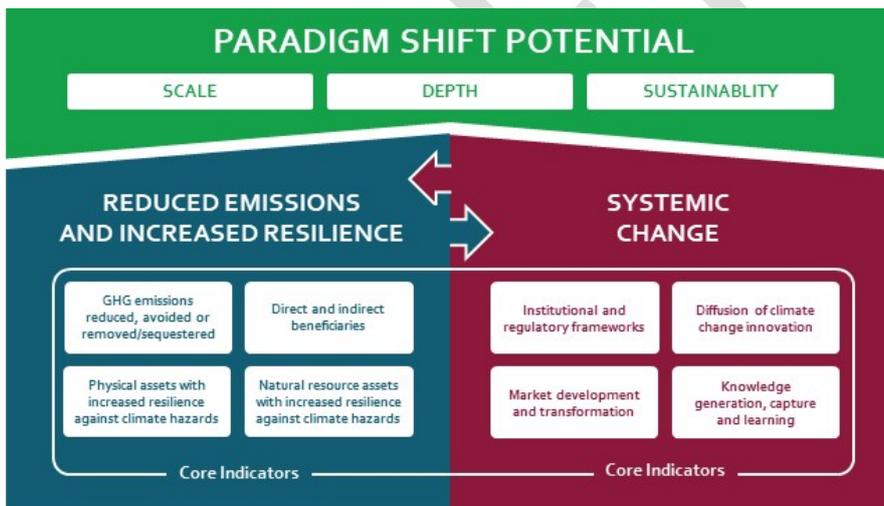
level, AEs may report co-benefits<sup>1</sup> separately from logical frameworks, i.e. if a project/programme creates any co-benefits which are complementary to project/programme design and the achievement of primary objectives, and provide indirect, additional and positive “spin-off effects” related to climate change mitigation and adaptation.

9. Each level of the IRMF represents a discrete component of the GCF’s pathway to results. The following section provides rationales and definitions for each of these levels, along with broad monitoring approaches to be applied.

#### IV. Indicators, measurement and reporting approaches

10. Under the IRMF, dimensions for paradigm shift potential and a series of core indicators, supported by more detailed sub-indicators and measurement tools, are used to aggregate project/programme-level results, in turn supporting higher-level analyses across GCF result areas and the entire portfolio. Dimensions for the GCF impact level (paradigm shift potential), GCF outcomes level (reduced emissions and increased resilience and systemic change) are summarized in **Figure 3** below:

Figure 3: Core IRMF indicators



##### IV.1 Paradigm shift potential

11. The GCF defines paradigm shift potential<sup>2</sup> as the degree to which a funded activity can catalyse impact beyond a one-off project or programme through its potential for scaling-up, replication, innovation, sustainability, market development and transformation, knowledge and

<sup>1</sup> Reporting guidance and examples of co-benefits will be provided in the results handbook to be developed by the Secretariat upon approval of the IRMF. The results handbook will incorporate key principles from Annex II of the Business Model Framework (GCF/B.04/03) on the initial co-benefit measurement.

<sup>2</sup> Initial Investment Framework, Decision B.07/06 and Decision B.09/05.

**Commented [UNDPE34]: Comment (24) by United Nations Development Programme Entity (20 7 2020 9:28 오후)**

Does this refer to social, economic, gender and environmental co-benefits? In the current FP, cobenefits are reported under sustainable development potential but not in the logframe. Will that remain the same? If it is to be tracked more systematically, it would be suggested to be incorporated them into logframe section of the FP.

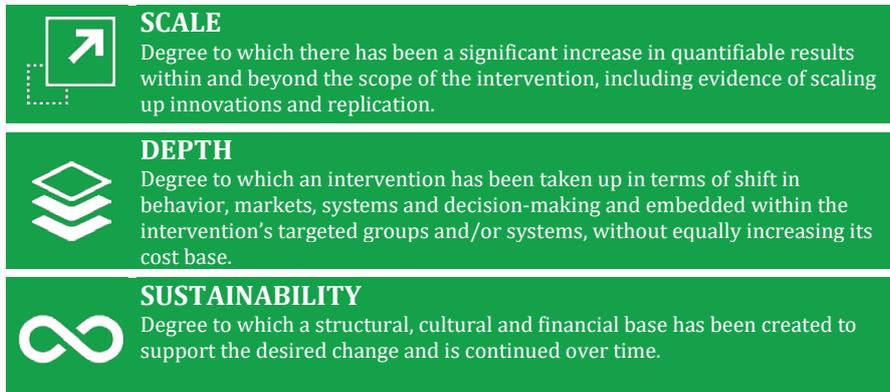
**Commented [GE35]: Comment (4) by GIZ Entity (17 7 2020 10:58 오후)**

How far are these considered in FP approval process? Consequences of failure to specify and quantify, for example, is not clear.

learning, and creation of enabling environments and overall contribution to low-carbon and climate-resilient development pathways.

12. Through the IRMF, the GCF will seek to understand how projects/programmes are contributing to paradigm shift through both:
- measuring observable outcomes from projects/programmes at the interdependent GCF outcome result layers of “reduced emissions and increased resilience” and “systemic change”; and
  - building a more comprehensive understanding of ways in which projects/programmes are supporting paradigm shift potential across three key dimensions, simplified for measurability: scale, depth, and sustainability.
13. Dimensions of paradigm shift potential are defined in more detail in **Figure 4**.

**Figure 4: Dimensions of paradigm shift potential**



14. Typically, these dimensions may be assessed beyond a project’s/programme’s lifetime and cannot be easily attributable to the GCF investments alone.
15. Measurement of paradigm shift potential will be carried out as follows:
- AEs will describe up-front for each project/programme what “paradigm shift potential” looks like in the relevant project/programme context, and how the project/programme will contribute to that shift, with reference to the three dimensions of scale, depth, and sustainability. This recognizes that “paradigm shift potential” is highly context-specific and will look different depending on a project’s/programme’s result area(s), country, sector and starting conditions.
  - AEs should, as part of interim and final evaluations, include independent assessments on whether and how projects/programmes are contributing to realizing paradigm shift potential against the three dimensions, based on observable progress during the project/programme implementation lifetime. The Secretariat will produce guidance to inform the approach to assessments undertaken by AEs based on a **scorecard approach** covering these dimensions of paradigm shift potential and using scale-based scores to gauge progress on each dimension.
  - AEs will also – in consultation with main stakeholder groups – monitor and report through APRs on the potential for achieving paradigm shift in narratives or through case study examples.

**Commented [ADBE36]: Comment (68) by Asian Development Bank Entity (23 7 2020 12:53 오후)**

Typically, these dimensions of paradigm shift potential may be assessed beyond a project’s/programme’s lifetime and cannot be easily attributable to the GCF investments alone”. -- It would be useful to mention GCF’s specific requirements on how to monitor/assess the results after project closing.

**Commented [GE37]: Comment (5) by GIZ Entity (17 7 2020 11:09 오후)**

General comment: Practicality of this approach depends on the design of scorecard. AEs should be closely consulted on the design to make it user friendly.

**Commented [ADBE38]: Comment (69) by Asian Development Bank Entity (23 7 2020 12:54 오후)**

Recognizing that achieving project/program-level paradigm shift potential will be very limited during project implantation period, it appears more realistic to monitor and report project outputs rather than long-term impact, i.e. paradigm shift potential, through annual performance reports (APRs). However, paradigm shift potential can be reported in mid-term review report and final project completion/evaluation report.

- (d) The GCF Secretariat will collate and aggregate all project/programme-level reporting in order to track portfolio-level trends across the three dimensions of paradigm shift potential for ex-post verifications and reviews. The Secretariat will also be responsible for continuous examination of the portfolio's narratives or case studies from APRs, with a view to identifying emerging lessons and trends relevant to paradigm shift. These will, in turn, ensure lessons are fed back into GCF knowledge generation and decision-making processes.
- (e) Post project/programme-completion, the GCF may commission evaluations of how individuals or groups of projects/programmes have contributed to paradigm shift potential. Such evaluations may be done either by the GCF's Independent Evaluation Unit or through evaluation services procured by the Secretariat, using a case study approach. Not all investments may be assessed.

## IV.2 Reduced emissions and increased resilience

16. The measurement of reduced emissions and increased resilience will be based on quantitative indicators tracking major climate-focused outcomes of GCF-funded projects/programmes. The four core indicators used to track progress at this level are:

- **Core indicator 1:** GHG emissions reduced, avoided or removed/sequestered, per result area
- **Core indicator 2:** Direct and indirect beneficiaries, per result area
- **Core indicator 3:** Physical assets with increased resilience against climate hazards, by type
- **Core indicator 4:** Natural resource assets with increased resilience against climate hazards, by type

17. Each core indicator includes a set of sub-indicators, which are not intended to be aggregable under core-indicators but provide complementary and more granular information to facilitate an understanding of progress across the eight result areas at the sector or project/programme-level. Core indicators and sub-indicators are as set out in Table 1 below.

**Table 1: Core indicators and sub-indicators for reduced emissions and increased resilience**

| Indicator                | Description  | SDGs  | Reference     |
|--------------------------|--|---|---------------|
| <b>Core Indicator 1</b>  | <b>GHG emissions reduced, avoided or removed/sequestered, per result area</b><br>- Energy generation and access<br>- Low-emissions transport<br>- Buildings, cities, industries and appliances<br>- Forests and land use<br>(Unit: tCO <sub>2</sub> eq.) |    | Initial RMF   |
| <b>Sub-indicator 1.1</b> | <b>Annual energy savings</b><br>(Unit: Megawatts-hour)   |    | CIF (CTF)     |
| <b>Sub-indicator 1.2</b> | <b>Megawatt-hours energy storage system installed</b><br>(Unit: Megawatts-hour)  |    | New indicator |
| <b>Sub-indicator 1.3</b> | <b>Installed capacity (MW) in energy access and power generation</b><br>(Unit: Megawatts)  |    | CIF (CTF)     |
| <b>Sub-indicator 1.4</b> | <b>Improved low-emissions vehicle fuel economy</b><br>(Unit: Fuel per kilometre)   |    | ASEAN         |

**Commented [UNDPE39]: Comment (25) by United Nations Development Programme Entity (20 7 2020 9:29 오후)**

S to be removed

**Commented [CE40]: Comment (82) by CDB Entity (24 7 2020 1:04 오전)**

The rationale for requesting that GHG emissions reductions be estimated and monitored dis-aggregated by result area is clear and understandable. However, some large lending programmes may provide lines of credit to local financial partners to issue sub-loans in a range of eligible sectors, leaving some flexibility for the local financial partners to ultimately structure their lending (including across sectors) in a way that responds to their customers' needs/demand during programme implementation. As such, the actual distribution of sub-loans (and thus investments) across the eligible sectors could vary considerably relative to any estimates developed during the design and feasibility stage. For this type of programme, the AE could provide a credible ex-ante estimate of the overall mitigation benefits and be confident that it will be achieved (e.g. by including a \$/tCO<sub>2</sub>eq reduced/avoided benchmark in the sub-project ...

**Commented [ADBE41]: Comment (70) by Asian Development Bank Entity (23 7 2020 12:56 오후)**

**Commented [ADBE42]: Comment (71) by Asian Development Bank Entity (23 7 2020 12:56 오후)**

**Commented [ADBE43]: Comment (72) by Asian Development Bank Entity (23 7 2020 12:56 오후)**  
same comment as above

**Commented [CE44]: Comment (84) by CDB Entity (24 7 2020 1:08 오전)**

**Commented [ADBE45]: Comment (73) by Asian Development Bank Entity (23 7 2020 12:57 오후)**

**Commented [UNDPE46]: Comment (26) by United Nations Development Programme Entity (20 7 2020 9:29 오후)**

**Commented [UNDPE47]: Comment (27) by United Nations Development Programme Entity (20 7 2020 9:30 오후)**

**Commented [CE48]: Comment (89) by CDB Entity (24 7 2020 1:14 오전)**

**Commented [GE49]: Comment (7) by GIZ Entity (17 7 2020 11:12 오후)**  
Sub-indicator on forest is missing below

**Commented [CE50]: Comment (91) by CDB Entity (24 7 2020 1:15 오전)**

**Commented [UNDPE51]: Comment (28) by United Nations Development Programme Entity (20 7 2020 9:30 오후)**

|                   |  |   |  |
|-------------------|--|---|--|
| Sub-indicator 1.5 | Proportion of newly designed buildings performing green services<br>(Unit: Percentage)   |    | LEED   |
|                   | <b>Direct and indirect beneficiaries reached, per result area</b><br>- All eight result areas applicable<br>(Unit: household or individual)  |    | Initial RMF  |
| Sub-indicator 2.1 | Households and individuals (female/male) adopting improved and/or new climate-resilient livelihood options<br>(Unit: household or individual)  |    | PMFs/<br>LDCF/SCCF   |
| Sub-indicator 2.2 | Households and individuals (female/male) with improved food security (reduced food insecurity)<br>(Unit: household or individual)  |    | Initial RMF  |
| Sub-indicator 2.3 | Households and individuals (female/male) with more climate-resilient water security<br>(Unit: household or individual)   |    | United Nations Children's Fund (UNICEF)/Global Water Partnership |
| Sub-indicator 2.4 | Households and individuals (female/male) covered by new or improved early warning systems<br>(Unit: household or individual)   |   | PMFs   |
| Sub-indicator 2.5 | Households and individuals (female/male) adopting innovations that strengthen climate change resilience<br>(Unit: household or individual)   |  | Recommended by the COP <sup>3</sup><br>Aligned with LDCF/SCCF    |
| Sub-indicator 2.6 | Households and individuals (female/male) living in buildings that have increased resilience against climate hazards<br>(Unit: household or individual)   |  | New indicator  |
| Core Indicator 3  | <b>Physical assets with increased resilience against climate hazards, by type</b><br>(Unit: Number)  |  | LDCF/SCCF/AF   |
| Sub-indicator 3.1 | <b>Business physical assets with increased resilience against climate hazards, by type</b><br>(Unit 1: Number or dimension of assets expressed in relevant unit, e.g. km, ha)<br>(Unit 2: USD)       |  | LDCF/SCCF/AF   |
| Sub-indicator 3.2 | <b>Public service physical assets with increased resilience against climate hazards, by type</b><br>(Unit 1: Number or dimension of assets expressed in relevant unit, e.g. km, ha)<br>(Unit 2: USD) |  | AF   |

**Commented [UNDP53]: Comment (29) by United Nations Development Programme Entity (20 7 2020 9:31 오후)**

Proportion in the context of the overall number at local, regional or national level?

**Commented [ADBE52]: Comment (74) by Asian Development Bank Entity (23 7 2020 12:58 오후)**

Perhaps for building sector, in existing building stock a better unit could be kWh/m2 beside energy efficiency percentage gain. There is no sub-indicator on energy efficiency gains in general.

**Commented [GE54]: Comment (6) by GIZ Entity (17 7 2020 11:11 오후)**

What are green services?

**Commented [UNDP55]: Comment (30) by United Nations Development Programme Entity (20 7 2020 9:31 오후)**

Please clarify if direct and indirect figures are required for each sub-indicator, and consider indicating that detail in the sub-indicators' rows.

**Commented [UNDP56]: Comment (31) by United Nations Development Programme Entity (20 7 2020 9:32 오후)**

The data will be disaggregated by sex, not by gender. Please fix it so it says "sex-disaggregated" not gender disaggregated. See this from UN Stats: "The term "gender" has often been wrongly used in association with data."

**Commented [UNDP57]: Comment (33) by United Nations Development Programme Entity (20 7 2020 9:32 오후)**

**Commented [UNDP58]: Comment (32) by United Nations Development Programme Entity (20 7 2020 9:32 오후)**

**Commented [GC59]: IFAD OPR:** Compared to the other sub-indicators under this heading, this indicator appears to be a proxy measuring vulnerability/enhanced resilience

**Commented [GE60]: Comment (8) by GIZ Entity (17 7 2020 11:13 오후)**

**Commented [UNDP61]: Comment (34) by United Nations Development Programme Entity (20 7 2020 9:33 오후)**

**Commented [CE62]: Comment (85) by CDB Entity (24 7 2020 1:09 오전)**

**Commented [UNDP63]: Comment (35) by United Nations Development Programme Entity (20 7 2020 9:33 오후)**

**Commented [UNDP64]: Comment (36) by United Nations Development Programme Entity (20 7 2020 9:34 오후)**

<sup>3</sup> The Secretariat considered COP decision 8/CP.23 18, which encouraged the Board to include in its annual report to the COP information on projects approved by the Board that support the innovation and/or scaling up of climate technologies. This was requested with a view to informing the Technology Mechanism of the UNFCCC as the Board undertakes further work on climate technology innovation by including a technology related indicator in the IRMF.

|                          |   |   |                  |
|--------------------------|---|---|------------------|
| <b>Core Indicator 4</b>  | <b>Natural resource assets with increased resilience against climate hazards, by type</b><br>(Unit: Hectare)      |  | GEF/CIF/AF       |
| <b>Sub-indicator 4.1</b> | <b>Land or forest brought under climate-resilient management practices, by type</b><br>(Unit: Hectare)            |  | GEF/CIF (PIP)/AF |
| <b>Sub-indicator 4.2</b> | <b>Ecosystems restored or protected to increase resilience against climate hazard, by type</b><br>(Unit: Hectare) |  | GEF              |

18. Core indicators and sub-indicator methodologies will incorporate gender and social inclusion dimensions wherever relevant.

19. Measurement and reporting of reduced emissions and increased resilience will be carried out as follows:

- Each FP presented for Board approval will outline how proposed activities contribute either to core indicator 1 or core indicator 2, or both. AEs should also select other core and sub-indicators relevant for their projects/programmes.
- For core indicator 1 and core indicator 2, only emission reductions and direct/indirect beneficiaries reached over the project and programme lifetime directly attributable to investments made during the implementation period will be counted for.
- AEs will be expected to establish baselines in the logical framework of the FP to enable comparison between a business-as-usual scenario and progress achieved as a result of the GCF's investments across selected set of indicators. AEs will gather data, informed by relevant sector strategies and country programmes, on indicators relevant to the FP and are encouraged to disaggregate data by regions, countries, thematic areas and gender across selected core and sub-indicators.
- AEs will include result estimations in FPs and subsequently report annually to the GCF on actual results delivered during the reporting period through APRs. While the indicators are primarily quantitative, reporting will be supported by qualitative assessments to explain expected or unexpected levels of progress, in line with monitoring provisions of the MAF.
- The Secretariat will report aggregate estimated and achieved outcomes for the four core indicators and sub-indicators at portfolio level. The Secretariat will produce disaggregated reporting by result area.
- The Secretariat will institutionalize and streamline the greenhouse gas (GHG) accounting process and develop guidance on GHG accounting while referring to the GHG accounting practices of other climate funds or international financial institutions and taking into consideration the specific features of the GCF.

### IV.3 Systemic change

20. The measurement of systemic change will be based on qualitative assessments through a scorecard approach (See Table 2 below). This approach is designed to measure how GCF-funded projects/programmes are contributing to institutional outcomes which enable paradigm shift and support wider change underpinning reduced emissions and increased resilience. All systemic change indicator methodologies will incorporate gender and social inclusion dimensions. The four core indicators used to track progress at this level are as follows.

**Commented [UNDPE66]: Comment (37) by United Nations Development Programme Entity (20 7 2020 9:34 오후)**

Consider adding a sub-indicator or incorporating into this sub-indicator marine/coastal ecosystems.

**Commented [UNDPE65]: Comment (38) by United Nations Development Programme Entity (20 7 2020 9:35 오후)**

Consider clarifying what is meant by type and whether it is up to the AE to define it.

**Commented [GC67]: IFAD OPR:** Including these typologies (both for 4.1. and 4.2.) in the documentation would be helpful.

**Commented [UNDPE68]: Comment (39) by United Nations Development Programme Entity (20 7 2020 9:35 오후)**

It would be welcome if the sub-indicators would already reflect these gender and social dimensions so the level of detail with respect to gender disaggregation etc. for them would be clear for all AEs.

**Commented [UNDPE69]: Comment (40) by United Nations Development Programme Entity (20 7 2020 9:36 오후)**

It is understood that directly attributable means direct beneficiaries. If this logic is followed, it might not make sense to include indirect beneficiaries in the core indicator 2. Consider changing it to the direct beneficiaries only.

**Commented [CE70]: Comment (87) by CDB Entity (24 7 2020 1:12 오전)**

This paragraph indicates that, "AEs will be expected to establish baselines in the logical framework of the FP to enable comparison between a business-as-usual scenario and progress achieved as a result of the GCF's investments across a selected set of indicators." Meanwhile, many Core Indicators and sub-indicators are framed in a way (i.e. number of households or individuals reached, number adopting new climate-resilient livelihood options or adopting innovations) that seem to imply that the baseline should be zero. In some cases this is simply an issue of wording and could be addressed by changing terms such as 'adopting' to (e.g.) 'using'. However, in some cases it would be extremely difficult to establish a baseline other than zero (or indicating 'TBD based on a baseline household survey' ...

**Commented [UNDPE71]: Comment (41) by United Nations Development Programme Entity (20 7 2020 9:36 오후)**

It would be strongly recommended for GCF to consider how the baseline assessments fall into this picture. The baseline figures often naturally change between the period of FP ...

**Commented [CE72]: Comment (88) by CDB Entity (24 7 2020 1:14 오전)**

This paragraph indicates that progress toward achieving the indicators included in the IRMF should be monitored and reported to GCF annually through APRs. Meanwhile, the nature of these indicators – particularly for adaptation co ...

- **Core indicator 5:** Institutional and regulatory frameworks
- **Core indicator 6:** Diffusion of climate change innovation
- **Core indicator 7:** Market development and transformation
- **Core indicator 8:** Knowledge generation, capture and learning

21. As supplementary to the scorecard approach, systemic change will be also measured and reported through quantitative means at the portfolio level through the results tracking tool.

**Table 2: Core indicators for systemic change**

|                         |  |
|-------------------------|--|
| <b>Core Indicator 5</b> | <b>Institutional and Regulatory frameworks</b>   |
| <b>Definition</b>       | Degree to which GCF investments contribute to strengthening institutional and legally binding regulatory frameworks for low carbon climate-resilient development pathways.   |
| <b>Unit</b>             | GCF's projects/programmes are measured and reported against a four-point scale, where 0 = weak institutional and regulatory frameworks, and 3 = strong institutional and regulatory frameworks.  |
| <b>Core Indicator 6</b> | <b>Diffusion of Climate Change Innovation</b>  |
| <b>Definition</b>       | Degree to which GCF's investments contribute to innovations not previously or widely demonstrated in a particular context and strengthen conditions which facilitate the effective development, uptake and transfer of innovations.                                    |
| <b>Unit</b>             | GCF's projects/programmes are measured and reported against a four-point scale, where 0 = limited recognition or support for climate change innovations 3 = high level of evidence of innovations developed, demonstrated and taken up.                                |
| <b>Core Indicator 7</b> | <b>Market Development and Transformation</b>   |
| <b>Definition</b>       | Degree to which GCF's investments contribute to new markets and business activities at the sectoral, local, or national level and create enabling environments for market transformation.  |
| <b>Unit</b>             | Projects/programmes are measured and reported against a four-point scale, where 0 = no new market development and transformation, and 3 = high level of market development and transformation through improved business model track record and increased job creation. |
| <b>Core Indicator 8</b> | <b>Knowledge Generation, Capture and Learning</b>  |
| <b>Definition</b>       | Degree to which GCF's investments contribute to effective knowledge generation and learning processes, and use of good practices, methodologies and standards for aligning financial flows with sustainable development.   |
| <b>Unit</b>             | Projects/programmes are measured and reported against a four-point scale, where 0 = no knowledge generation, capture and learning, and 3 = high knowledge generation, capture and learning.  |

22. Measurement and reporting of systemic change will be carried out as follows:
- The Secretariat will develop scorecard templates for each of the four core indicators, based on multi-criteria assessments (MCA)<sup>4</sup>;
  - Each FP presented for Board approval should identify at least two indicators for systemic change, including knowledge generation, capture and learning, informed by

<sup>4</sup> Multi-criteria assessment is used to monitor/evaluate problems when faced with number of different alternatives from diverse stakeholders at especially the regional/sub-regional/country level while considering conflicting objectives and coming up with best case scenarios. The main purpose of MCA is to deal with complex and unstructured decision problems in the sphere of environmental and natural resource management, which involve number of conflicting ecological, environmental, societal and economic objectives, and multiple interest groups. Multicriteria methods provide a powerful framework for policy analysis in the context of climate change and sustainable development, since they can accomplish the goals of being multi-disciplinary (accounting for multiple dimensions present), participatory (open to all stakeholders), and transparent. Stakeholder participation should be included in the overall structure of the MCA process: alternatives and criteria generation, weighting and evaluation of alternatives and discussion of results. At also: <http://www.ejolt.org/2015/02/multi-criteria-assessment-mca/>

**Commented [UNDPE73]: Comment (42) by United Nations Development Programme Entity (20 7 2020 9:37 오후)**

Please confirm this will be tracked by GCF (at the portfolio level) and that AEs are not expected to provide a separate portfolio report on the indicators.

**Commented [GE74]: Comment (9) by GIZ Entity (17 7 2020 11:14 오후)**

What is the results tracking tool? Who operates/makes entries?

**Commented [ADBE75]: Comment (75) by Asian Development Bank Entity (23 7 2020 12:59 오후)**

Definition under each core indicator may need more elaboration for better interpretation. For instance, product innovation (core indicator 6) is directly linking to new market and business activities (core indicator 7). Institutional and regulatory framework (core indicator 5) is directly linking to create enabling environments for market transformation (core indicator 7).

**Commented [UNDPE76]: Comment (43) by United Nations Development Programme Entity (20 7 2020 9:37 오후)**

It would be recommended to outline the scale name for 1 and 2. Further, how would GCF define weak and how strong framework? Is this left to the discretion of the AEs to define? Also, how does this relate to the scorecard table in the next section of this doc (p. 32, figure 3)?

**Commented [UNDPE77]: Comment (44) by United Nations Development Programme Entity (20 7 2020 9:38 오후)**

The same as above.

relevant sector strategies and country programmes. This should be in line with the AE's description of how project/programme activities will deliver on the Investment Criteria, particularly paradigm shift potential. The FP should also describe the baseline situation;

- (c) AEs will report through APRs on relevant identified indicators using a scorecard "self-assessment" and qualitative reporting, completed in consultation with the project's/programme's main stakeholder groups;
- (d) AEs should, as part of interim and final evaluations, include independent assessments of whether and how the project/programme is contributing to relevant systemic change indicators using a score-card approach and qualitative reporting; and
- (e) The Secretariat will report aggregated outcomes for the four systemic change indicators and will also report at the portfolio level on the share of the portfolio that scores highly across each of the four pillars.

## V. Implementation arrangements

23. The IRMF will apply to all FPs submitted to the Board from the effectiveness date of the policy [expected to start from twenty-eighth meeting of the Board (B.28)], with a view to ensuring all projects/programmes approved from that time report results on a consistent basis.

24. The GCF will update the FP template following adoption of the IRMF. The Secretariat will work with AEs and provide support as necessary to facilitate the presentation to the Board of FPs which apply the requirements of the IRMF.

25. The Secretariat will develop indicator guidance sheets and a comprehensive results handbook for the implementation of the IRMF, covering the following:

- (a) Monitoring and reporting protocols for core and sub-indicators 1-4, and guidance on Means of Verifications (MoVs).
- (b) Scorecards for assessing progress towards core indicators 5-8.
- (c) Scoring and assessment approaches for paradigm shift potential to (i) guide the AE's self-assessment; (ii) orient verifications and evaluations, ex-post; and (iii) define an overall analysis of GCF's internal portfolio on support towards promoting paradigm shift.

26. The Secretariat will also update the APR template with a view to allowing AEs to report on progress in line with the IRMF.

27. The GCF will, through future annual work programmes and administrative budgets, ensure adequate human, financial and other resources for the timely and adequate implementation of the IRMF.

28. AE should make adequate provision for monitoring and evaluation to implement the IRMF under a dedicated budget line in the FPs, term sheets and FAAs.

29. Once a portfolio performance management system (PPMS) is developed by the GCF Secretariat, AEs will report results in line with the IRMF through an online portal of the PPMS.

## VI. Monitoring and review

30. The IRMF will be reviewed in line with the policy cycle established under the four-year Board Work Plan, in the third programming year of GCF-1.

**Commented [GC78]: IFAD OPR:** Kindly confirm that AE's own Independent Offices of Evaluation could conduct such independent assessments.

**IFAD FMD:** Kindly confirm that evaluation costs would be incremental with respect to the AE's management fee.

**Commented [UNDPE79]: Comment (45) by United Nations Development Programme Entity (20 7 2020 9:42 오후)**

It would be recommended to carefully consider the timeline for effective implementation of the new IRMF policy. It will be important for UNDP, as for other AEs, to first see the new FP template, new scorecard etc. and familiarize we with the new IRMF requirements to be able to comply with the requirement in this policy without business disruption. If the policy is approved at B.26, and without the new related templates and updates, it is likely unrealistic or highly inconvenient for us to adjust concept notes and/or funding proposals in line with the proposed requirements/policy in order to be able to be presented for Board consideration at B.28.

**Commented [UNDPE81]: Comment (46) by United Nations Development Programme Entity (20 7 2020 9:43 오후)**

Please clarify whether this means that there will be two APR templates, going forward.

**Commented [ADBE80]: Comment (76) by Asian Development Bank Entity (23 7 2020 12:59 오후)**

Ensure that AEs can continue to report on results in the established way for projects approved prior to the effectiveness date of the policy.

**Commented [GC82]: IFAD FMD:** The proposed results management system is complex and will require adequate M&E capacities to be budgeted for at project level. It isn't clear to me how this can be achieved with a 5% cap on programme management costs, unless GCF agrees that M&E is incremental to programme management – this point should be clarified.

- 
31. During GCF-1, the review will focus on degree of implementation of the IRMF, both internally within the GCF and externally by AEs and NDAs, and highlight any outstanding challenges, including related to external capacity gaps and opportunities for improving the efficient implementation of the policy.
  32. Subsequent reviews may also assess the IRMF's relevance in the context of future Strategic Plans and programming objectives and propose required adjustments.

DRAFT

## Annex III: Measuring Paradigm Shift Potential

Figure 1: Key principles

### KEY PRINCIPLES

#### CONTRIBUTION, NOT ATTRIBUTION

The focus should be on identifying contribution to paradigm shift, not attribution. There are two main reasons for this:

- The sustainability of any paradigm shift relies on the change continuing after the GCF-supported intervention, so other actors must contribute and take ownership if the intervention is to continue (this would suggest high levels of attribution could actually have a *negative* impact on paradigm shift);
- GCF activities will play quite different roles across different projects/programmes, for example some projects/programmes may be about funding the implementation of a major infrastructure project; some may be catalytic, perhaps funding a series of pilot projects or proof of concept studies that provide evidence for future scale; others could be about influencing policy change or leveraging finance from new parties.

Consequently, the focus should be on identifying the level of a GCF investment's contribution to paradigm shift potential.

#### LEARNING, NOT ACCOUNTABILITY

The primary purpose of assessing paradigm shift potential should be more for learning rather than accountability purposes. Paradigm shift must take place over and above the activities of GCF and GCF interventions alone cannot be accountable for whether or not paradigm shift takes place (accountability needs to be placed lower down the results chain). Any assessment process needs to focus on learning and not just on reporting "success".

#### PARADIGM SHIFT IS CONTEXT SPECIFIC

Paradigm shift is context specific: that means metrics across projects/programmes may not be comparable. For example, the absolute number of beneficiaries should not be used to compare and contrast the scale of paradigm shift across countries of different sizes that have different key issues and change dynamics. Measures like percentage of population/land/energy use are better but still not really helpful, as they don't take into account different levels of attitudinal change required, possible resistance, different "tipping points" or reaching hard-to-reach areas; they also don't take into account other environmental/socio-economic differences.

When defining and measuring paradigm shift potential, it is important to identify the unit of analysis. This is going to be different across GCF interventions depending on their context/target. For example, the unit of analysis could be a country-wide paradigm shift in smaller countries, but a city, state or river basin may be a more appropriate unit of analysis in larger countries.

**Commented [ADBE83]: Comment (77) by Asian Development Bank Entity (23 7 2020 1:00 오후)**

It will be useful to elaborate on this point. What commitment is/are required from other actors? How can such commitment be ensured prior to GCF's exit?

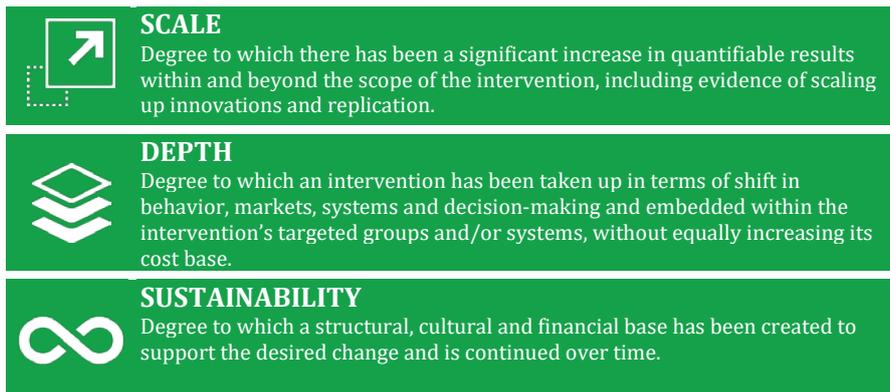
**Commented [UNDP84]: Comment (47) by United Nations Development Programme Entity (20 7 2020 9:43 오후)**

it is not clear how this could have a negative impact on paradigm shift.

## I. Dealing with complexity: Paradigm shift potential dimensions

1. Within the climate finance domain, approaches to measuring paradigm shift potential are relatively new and underdeveloped. However, strategies have been proposed or tested by the World Bank, the Global Environment Facility, the Climate Investment Funds, and the GCF's own Independent Evaluation Unit. All this experience indicates that measuring paradigm shift potential – or at least assessing the degree to which it is taking or has taken place – requires it to be broken down into elements.
2. There are a number of different “dimensions” that could be used. There is no definitive list. However, there needs to be sufficient number of dimensions to capture the complexity and different interlinked aspects of paradigm shift, but not so many that it becomes too difficult to operationalize or communicate. Between 3 and 4 key dimensions is ideal. These dimensions should provide the basis for a measurable assessment model.
3. The proposed dimensions are highlighted below and draw from other sectors, actors and best practice in other arenas.

**Figure 2: Proposed dimensions of paradigm shift potential**



4. Given context specificity of paradigm shift, the three dimensions will have different weights and degrees of relevance depending on the nature of the project/programme. For example, an intervention may have already reached a few sections of the entire population through climate-resilient development pathways (Scale) within a country to a point it has shifted norms with a certain group or market (Depth), but perhaps that success is still constrained, benefiting a relatively low number of individuals. This type of intervention may therefore consider Scale to be the most important dimension to target and measure. Another intervention may have ambition for widespread uptake and societal change. This intervention may view all three dimensions as equally important for targeting and measuring.
5. Therefore, to consistently assess paradigm shift potential an approach is required that looks at levels of change across the three dimensions, with an assessment of what level of shift has taken place in each dimension.
6. Assessments should also explore dimension-level shifts from the perspectives of women and men, including whether and how these shifts have been experienced differently. For example:
  - (a) **Scale:** how GCF interventions have been replicated and adopted especially by women within and beyond the intended scope.

- (b) **Depth:** behavioural, market, resilience changes and decision-making that may have been experienced by women.
- (c) **Sustainability:** how GCF supported interventions can have a continued and long-term effect for women.

## II. Assessment process

7. GCF interventions will track progress towards the three dimensions of paradigm shift potential using a scorecard approach. As well as measuring progress towards each dimension – and in line with the principle of measuring contribution rather than attribution – scorecards will also be used to measure the level of the GCF investment’s contribution to any change.

Scorecards will be “internally” assessed by AEs as and when they feel their projects/programmes have contributed to realizing paradigm shift potential with validation undertaken by the GCF Secretariat at post project/programme completion.

8. Main assessment steps are highlighted below. These assessment steps are not new in that AEs, during project/programme development, are required to a) refer to the six IF criteria, including paradigm shift potential and define it in the context of their project/programme b) baselines are conducted by AEs; the only additionality being AEs will be requested to include baseline for each of the three paradigm shift potential dimensions c) as part of the APRs, AEs provide brief descriptions of progress achieved against the six IF criteria, including the paradigm shift potential d) per the MAF, interim and final evaluations are required for each funded activity and these evaluations should assess the performance of the funded activity against the GCF IF criteria and e) ex-post reviews and ex-post evaluations have been included as possible areas of evaluative support the GCF could provide in the Programming Manual and Operations Manual being finalized by the Secretariat.

### PROJECT/PROGRAMME DEVELOPMENT AND APPROVAL

As part of a proposal’s assessment against the GCF’s Investment Framework (i.e. prior to project/programme approval) AEs will be required to describe what “paradigm shift potential” will look like for their project/programme, also identifying how the project/programme will contribute to that shift. Developing project/programme-level definitions recognizes that paradigm shift is highly context-specific: for example, paradigm shift in a small island developing state will look completely different to paradigm shift in a large, populous country with diverse ecosystems.

Project/programme-level definitions of paradigm shift potential should be based on the three dimensions of paradigm shift potential, although recognizing that dimensions will have different “weights” and degrees of relevance depending on the precise nature of the project/programme.

### BASELINE DEVELOPMENT

As part of the above project/programme-level description of paradigm shift potential, AEs should complete “baseline” scorecard assessments for each of the three dimensions that, in turn, will outline the starting conditions against which the project/programme is working. Baseline development are already conducted by number of AEs and is part of the FP development process. This would allow AEs to develop more robust baseline descriptions compared to narratives currently provided because of introducing more specific descriptors for each of the wider three dimensions. Crucially, such baseline descriptions will link to

**Commented [UNDPE85]: Comment (48) by United Nations Development Programme Entity (20 7 2020 9:44 오후)**

Currently, the baseline assessments, during which the data is reconfirmed just prior to the implementation start, take place at the inception phase. Will the baseline scorecard replace them? The policy could be more explicit about that.

“evidence” which will be sought later to assess to what degree contribution has been made. Adding information on paradigm shift potential dimensions will also help to enhance quality of baselines and support AEs measure progress on their contribution to broader climate impacts against the baseline scenario.

Baselines should be validated by the AE at project/programme launch, particularly where a significant amount of time has elapsed since the project design and/or since the original scorecards were developed. The project/programme-level description of paradigm shift potential should also be re-validated at project launch.

### ANNUAL REVIEWS/APRs

AEs will - if they observe paradigm shift potential – monitor and report on progress towards the project/programme-level description of paradigm shift potential, including whether and how the project/programme is contributing to any progress. These assessments will be undertaken by AEs but involving other project/programme stakeholder groups through a participatory approach will help to deepen the assessment and strengthen learning processes.

### INDEPENDENT VALIDATION

Terms of reference for interim and final evaluations should incorporate a requirement for evaluators to undertake or validate the latest “internal” scorecard assessments of paradigm shift potential. These independent assessments should use the same guidance and approach as applied by AEs during preparation of their APRs.

The GCF Secretariat may carry out ex-post reviews and ex-post verifications for sample of projects/programmes to assess credibility of results achieved over the lifespan of an asset/investment and reported to the GCF during project/programme implementation of intended climate impacts, their sustainability and potential for scalability and replication. The GCF’s IEU or third parties could also be requested to conduct ex-post evaluations at the portfolio level. Terms of reference for such evaluative studies should incorporate a requirement for evaluators to undertake or validate “internal” scorecard assessments of paradigm shift potential.

## III. Scorecards

9. When measuring dimensions, it might be alluring to have a high level of granularity (for example, a 6-point scale). However, greater the granularity the more difficult it is to get consistency across AEs and assessment processes, particularly considering the diversity of the GCF’s portfolio. Consequently, a 4-point scale is proposed (where 0 = no evidence of change, 3 = high degree of evidence of change).

10. As well as measuring progress towards each dimension – and in line with the principle of measuring contribution rather than attribution – scorecards will also be used to measure the level of the GCF investment’s contribution to any change. For each dimension, the intensity of contribution (high, medium, low) should be measured. The scale recognizes that “high intensity” does not necessarily mean better than “low intensity”, as the expected contribution might be different dependent on other actors involved and the required need.

**Commented [UNDPE86]: Comment (49) by United Nations Development Programme Entity (20 7 2020 9:45 오후)**

The policy could be more explicit about who shall bear costs of baseline re-validation. Equally, the policy could talk about what will happen in case of change of baseline data. Currently, GCF Secretariat wants to discuss any change in the logframe, which appears more on the side of micromanagement. Instead, a clear guideline could be issued with respect to tolerance levels when project targets change (putting AEs into ease in case of minor changes). For instance, if any of the targets change by no more or less than 10 per cent, it is an acceptable change on which the AE does not need to report separately (and will report on it only in the APR). For special cases only, when the GCF is more risk averse, the threshold could be increased or lower as per the GCF Secretariat’s own judgement (and stipulated in the term sheet and the FAA).

**Commented [GE87]: Comment (10) by GIZ Entity (17 7 2020 11:26 오후)**

Agree. It is important to indicate to what extent it allows AEs to modify its logframe & FP at the project start.

**Commented [UNDPE88]: Comment (50) by United Nations Development Programme Entity (20 7 2020 9:51 오후)**

Could GCF provide specific details on how AEs are meant to involve stakeholder groups in this participatory, annual approach to monitoring paradigm shift potential. This sounds like a complex process and it’s not clear what is expected.

**Commented [GE89]: Comment (11) by GIZ Entity (17 7 2020 11:28 오후)**

Consequences on project budget or indication of who commissions and pays for such an evaluations need to be included.

**Figure 3: The Scorecard**

| Dimension   | 0<br>(No evidence of change)  | 1  | 2   | 3<br>(High degree of evidence of change)   | Intensity of GCF contribution  |
|---|---|--|---|--|--|
| <p><b>Scale</b></p>    | No replication or multiplying effects across population, markets, institutions, sectors and geographic areas of GCF-supported interventions without expanding the cost base or securing additional funding from the initial project/programme   | Some emerging signs (e.g. increase in demand for climate services/products /business and expansion of climate results) of clear pathway to replication or multiplying effects across population, markets, institutions, sectors and geographic areas of GCF-supported interventions without expanding the cost base or securing additional funding from the initial project/programme  | Evidence of replication or multiplying effects across population, markets, institutions, sectors and geographic areas of GCF-supported interventions without expanding the cost base or securing additional funding from the initial project/programme  | Evidence of a significant replication or multiplying effects across population, markets, institutions, sectors and geographic areas of GCF-supported interventions without expanding the cost base or securing additional funding from the initial project/programme   | <p><b>High:</b> GCF funded activity played a central role and the change wouldn't have happened without it</p> <p><b>Medium:</b> GCF funded activities enhanced an existing initiative to significantly improve outcomes</p> <p><b>Low:</b> GCF played a catalytic/facilitative role which supported a broad coalition of actors</p> |
| <p><b>Depth</b></p>  | <p>No or little evidence that the GCF supported intervention is contributing towards a behavioral change or decision-making process among beneficiaries or project/programme stakeholders, with a particular focus on women</p> <p>No or little evidence that the intervention is contributing towards a market or other type of systems change</p> | <p>Some emerging signs that the intervention contributes towards a behavioral change among beneficiaries or project/programme stakeholders, with a particular focus on women</p> <p>Some emerging signs (e.g. reduced costs and risks, eliminating barriers) that the intervention is contributing towards a market or other type of systems change</p> <p>Degree to which the activity will change incentives for market participants by reducing costs and risks, and eliminating barriers to the deployment of low-carbon solutions</p> | <p>Increasingly strong evidence that the intervention contributes towards a behavioral change or removes barriers for beneficiaries or project/programme stakeholders, with a particular focus on women</p> <p>Increasingly strong evidence (e.g. reduced costs and risks, eliminating barriers) that the intervention is contributing towards a market or other type of systems change</p> | <p>Strong and consolidated evidence that the intervention contributes towards a behavioral change among beneficiaries or project/programme stakeholders, with a particular focus on women</p> <p>Strong and consolidated evidence (market consolidation, job creations, skills mainstreaming) that the intervention is contributing towards a market or other type of systems change</p> | <p><b>High:</b> GCF funded activity played a central role and the change wouldn't have happened without it</p> <p><b>Medium:</b> GCF funded activities enhanced an existing initiative to significantly improve outcomes</p> <p><b>Low:</b> GCF played a catalytic/facilitative role which supported a broad coalition of actors</p> |

|   |   |  |  |   |  |
|---|---|--|--|---|--|
|   | No or little evidence of legally binding dimensions of new national, local regulations/policies/frameworks to address investments in low carbon development | Some emerging evidence of legally binding dimensions of new national, local regulations/policies/frameworks to address investments in low carbon development | Increasingly consolidated evidence of legally binding dimensions to new national, local regulations/policies/frameworks to address investments in low carbon development | Abundant evidence of legally binding dimensions of new national, local regulations/policies/frameworks to address investments in low carbon development                     |  |
| <b>Sustainability</b><br><br> | No evidence of continuity of project results beyond project support   | Some emerging signs that project results are likely to continue beyond GCF's support   | Clear signs that the project results are likely to continue beyond GCF's support   | Strong evidence that project results will continue beyond GCF's support   | <p><b>High:</b> GCF funded activity played a central role and the change wouldn't have happened without it</p> <p><b>Medium:</b> GCF funded activities enhanced an existing initiative to significantly improve outcomes</p> <p><b>Low:</b> GCF played a catalytic/facilitative role which supported a broad coalition of actors</p> |
|   | No improvement in organizational capacity across public and private sector to deliver effective interventions   | Examples where there is evidenced improvements in the organizational capacity of either key public or private sector organizations                           | Clear evidence of improvements in the organizational capacity of either key public or private sector organizations   | Organizational resourcing, staffing, structures and relationships are designed and resourced to support new ways of working   |  |
|   | No or limited increase in regular funding for climate change  | There is noticeable increased budget for intervention area   | Clear changes in the priorities and resource allocations of key stakeholder groups in both public and private sector   | <p>Commercial thriving markets established</p> <p>Sufficient public finance is available and flowing for sustainable change</p> <p>No/limited reliance on donor funding</p> |  |

## Annex IV: Illustrative Indicators Guidance for Core Indicators – Reduced Emissions and Increased Resilience

| Core Indicator 1                | GHG emissions reduced, avoided or removed/sequestered, per result area   |
|---------------------------------|--|
| <b>Unit</b>                     | Tonnes of carbon dioxide equivalent (tCO <sub>2</sub> eq)  |
| <b>Rationale</b>                | <p>This has been a core GCF indicator since 2014, is routinely reported on through Board meetings, and continues to be a central measure of the GCF's impact. It is tightly aligned with core indicators of numerous other climate finance mechanisms, and with the objectives of the UNFCCC and Paris Agreement.</p> <p>The Fund promotes low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas (GHG) emissions and to adapt to the impacts of climate change. Monitoring the level of GHG emissions abated from Fund projects is a key indicator of progress and results of Fund projects/programmes. The indicator will report on the net change in GHG emissions measured in tonnes of carbon dioxide equivalent (t CO<sub>2</sub>eq), estimated relative to the assumed business-as-usual emissions trajectory, and will reflect abatement results directly attributable to GCF mitigation projects over the lifetime of the projects.</p> <p>This indicator is well aligned with GCF's Investment Framework criterion on Impact Potential (mitigation impact) and with the indicative investment factor "Expected tonnes of carbon dioxide equivalent (t CO<sub>2</sub> eq) to be reduced or avoided".</p> <p>This indicator is well aligned with SDG 13 'Take urgent action to combat climate change and its impacts' and with the targets set in the Paris Agreement.</p> <p>This indicator may also be aligned with the mitigation priorities identified by developing countries in the relevant Nationally Determined Contributions (NDCs) and Nationally Appropriate Mitigation Actions (NAMAs).</p> |
| <b>Definition</b>               | <i>Note: the definition will be grounded in the GCF's original guidance (Annex V of B.08/07) but will be amended according to the final methodology.</i>   |
| <b>Result areas</b>             | Energy generation and access; low-emissions transport; buildings, cities, industries and appliances; forests and land use.   |
| <b>Disaggregation</b>           | tCO <sub>2</sub> eq reduced by <b>result area</b>  |
| <b>Methodology</b>              | <p><i>Note: The methodology will build on the GCF's original guidance (Annex V of B.08/07) but will need to take into account the GCF's result areas, including any sector-specific guidance and approaches to calculations of emission reductions.</i></p> <p>Data reported for this core indicator will be the aggregate of the following sub-indicators, corresponding to the four GCF mitigation result areas: Energy generation and access; low-emissions transport; buildings, cities, industries and appliances; forests and land use.</p>  |
| <b>Data Sources</b>             | <i>Dependent on result area-specific requirements.</i>   |
| <b>Baseline</b>                 | <i>Depends on final methodology.</i>   |
| <b>Frequency</b>                | Project/programme-duration, updated annually.  |
| <b>Reporting Responsibility</b> | Underlying data reported by AEs, then aggregated by GCF Secretariat (OPM).   |
| <b>Reporting Format</b>         | Underlying data provided via APRs, then aggregated and reported via GCF website and to the Board.  |
| <b>Additional Notes</b>         |  |
| <b>References</b>               | <a href="https://sustainabledevelopment.un.org/sdg13">https://sustainabledevelopment.un.org/sdg13</a>  |
| Core Indicator 2                | Direct and indirect beneficiaries, per result area   |
| <b>Unit</b>                     | Absolute number of households and individuals (female/male)  |
| <b>Rationale</b>                | This indicator seeks to measure the number of people who have received an input of support from Fund projects as a proxy for increasing adaptive capacity and resilience to  |

|                       |  |
|-----------------------|--|
|                       | <p>climate change. It follows the same approach as the beneficiary indicators for the Adaptation Fund and UKAID International Climate Finance (ICF).</p> <p>This indicator speaks to the GCF's Investment Framework criterion on Adaptation Impact and the Indicative Investment Factor "Expected total number of direct and indirect beneficiaries, (reduced vulnerability or increased resilience); number of beneficiaries relative to total population, particularly the most vulnerable groups".</p> <p><i>Note: resilience impact on businesses rather than households/individuals is covered as a sub-indicator of core indicator 3.</i></p>  |
| <b>Definition</b>     | <p><i>Note: the definition follows the GCF's original guidance (Annex V of B.08/07).</i></p> <p>'Support' is defined as direct assistance from the project/programme in question, with the explicit intention of helping people deal with climate change impacts. It could include, for example, financial resources, assets, agricultural inputs, training, communications (e.g. early warning systems) or information (e.g. weather forecasting).</p> <p>'People Supported' should relate to populations or households identified by the project in question with a direct relationship to it.</p> <p>"Effects of climate change" are defined as the effects of changes both in the mean state of the climate and in its variability. Normally resulting from the primary consequences of climate change: changes to precipitation, temperature and sea level rise, these may be sudden onset or gradual, and can include floods, droughts, storms, landslides, salinization, coastal inundation, heat or cold waves, and biodiversity loss.</p> <p>Two dimensions of support are defined:</p> <p><b>1) Targeted:</b> defined as whether people (or households) can be identified by the project/programme as receiving direct support, can be counted individually and are aware they are receiving support <i>in some sort</i>. This implies a high degree of attribution to the project.</p> <p><b>2) Intensity:</b> defined as the level of support/effort provided per person on a continuum, but broad levels may be defined as:</p> <p>a) <i>Low:</i> e.g. people falling within an administrative area of an institution (e.g. ministry or local authority) receiving capacity-building support.</p> <p>b) <i>Medium:</i> e.g. people receiving information services such as flood warnings or weather forecast by text; people within catchment area of structural flood defences; people living in a community where other members have been trained in emergency flood response; people within a catchment area or a river basin subject to a water resources management plan.</p> <p>c) <i>High:</i> e.g. house raised on plinths, cash transfers, agriculture extension services, training of individuals in communities to develop emergency plans.</p> <p>Based on the two dimensions of support, there are two main categories of beneficiaries for reporting:</p> <p><b>1) Direct:</b> Targeted and high intensity. Must fulfil both criteria, e.g. people receiving social protection through improved household assets, houses raised on plinths, agricultural extension services, training of individuals in communities to develop emergency plans and use early warning systems.</p> <p><b>2) Indirect</b> category covers the following:</p> <p>a) <i>Targeted and medium intensity:</i> e.g. people receiving weather information and text messages early warnings.</p> <p>b) <i>Not targeted and medium intensity:</i> e.g. people within the coverage of an early warning system, or catchment area of a large infrastructure project (e.g. flood defences) or living in a discrete community in which others have been trained in emergency response.</p> |
| <b>Result areas</b>   | This indicator applies to all eight result areas.  |
| <b>Disaggregation</b> | For each of these two defined categories of beneficiaries, direct and indirect, further disaggregation is required on the following dimensions:  |

**Commented [UNDPE90]: Comment (51) by United Nations Development Programme Entity (20 7 2020 9:53 오후)**

It is unclear what support of some sort might or might not include. Also, it shall be written of some sort.

**Commented [UNDPE91]: Comment (52) by United Nations Development Programme Entity (20 7 2020 9:53 오후)**

Interpreting whether an intervention is low, medium or high intensity might be more complex in practice. How much flexibility will be given to the AEs to interpret them?

|                                 |   |
|---------------------------------|---|
|                                 | <p>1. Household/individual<br/>2. Female/male individuals<br/>3. The main result area where the benefits were achieved.</p> <p>Note: a project/programme can work in more than one result area, but beneficiaries should be counted under one result area only to avoid double counting.</p>  |
| <b>Methodology</b>              | <p>Each individual/HH beneficiary can only be counted once at this overall core indicator level, even though the same beneficiary can be counted under more than several sub-indicators (e.g. under both sub-indicator 2.2. on food security and 2.3 on water security).</p> <p>The indicator is expressed in absolute numbers of beneficiaries disaggregated by category of reporting (direct/indirect) and gender. It is possible for one project to reach both direct and indirect beneficiaries, in which case these should be reported separately.</p> <p>Monitoring data on direct and indirect beneficiaries can be collected at the level of the individual (number of people [females/males]) or household (number of households). Where primary data on beneficiaries are based on households, a standard multiplier for household size based on the most recent national census or nationally representative household survey should be used to convert number of households to number of people. The converse applies if the primary data on beneficiaries are based on individuals. Disaggregation by gender should be based on primary data or national statistics.</p> |
| <b>Data Sources</b>             | <p>1. Project/programme surveys<br/>2. National statistics</p>  |
| <b>Baseline</b>                 | N/A   |
| <b>Frequency</b>                | Project/programme-duration, updated annually  |
| <b>Reporting Responsibility</b> | Underlying data reported by AEs, then aggregated by GCF Secretariat (OPM).  |
| <b>Reporting Format</b>         | Underlying data provided via APRs, then aggregated and reported via GCF website and to the Board.   |
| <b>Additional Notes</b>         | Note: This method of reporting on beneficiaries does not explicitly consider the success in building climate resilience, i.e. a project that provides strong support to a large number of beneficiaries, but fails to build their resilience, would still be reporting a high number of "intensity" beneficiaries.  |
| <b>References</b>               | UKAID ICF Key Performance Indicator (KPI) 1<br>Adaptation Fund Core indicator on Number of beneficiaries.   |
| <b>Core Indicator 3</b>         | <b>Physical assets with increased resilience against climate hazards, by type</b>   |
| <b>Unit</b>                     | Value of assets in USD  |
| <b>Rationale</b>                | <p>Physical assets under this indicator covers fixed physical assets that are made by humans such as buildings, roads and factories. These are threatened by the climate change induced increase in hazards like extreme rainfall and heat, floods, hurricanes, landslides etc.</p> <p>This indicator measures in how far GCF supported projects have strengthened such assets against damage from such hazards.</p> <p>The indicator is aligned with SDG 9 – Industry, Innovation and Infrastructure Take urgent action to combat climate change and its impacts.</p> <p>This indicator speaks to the GCF's Investment Framework criterion on Adaptation Impact and, in particular, the Indicative Investment Factor "Degree to which the activity avoids lock-in of long-lived climate-vulnerable infrastructure". It is also aligned with several of the factors under the Sustainable Development criterion.</p>  |
| <b>Definition</b>               | <p>This indicator measures progress in protecting physical assets against climate hazards. "Physical assets" covers existing and new fixed assets such as e.g. buildings, bridges, ports, roads, railway systems, seawalls, industrial plants, pipelines, electricity grid, dikes, etc.</p> <p>This core indicator summarizes the results under the two sub-indicators:</p>   |

**Commented [UNDPE93]: Comment (53) by United Nations Development Programme Entity (20 7 2020 9:53 오후)**

Than shall be removed?

**Commented [UNDPE92]: Comment (54) by United Nations Development Programme Entity (20 7 2020 9:54 오후)**

Let us assume that one person attends a training which is tracked under one sub-indicator as well as receives early warning message which is tracked under beneficiaries under another sub-indicator. However, in the core indicator, he/she shall be counted only once. A challenge can arise when a person would be a direct beneficiary under one sub-indicator and indirect under another - how would this be then reflected in the overall core indicator number?

**Commented [CE94]: Comment (86) by CDB Entity (24 7 2020 1:10 오전)**

The 'additional notes' sub-section states that, "This method of reporting on beneficiaries does not explicitly consider the success in building climate resilience, i.e. a project that provides strong support to a large number of beneficiaries, but fails to build their resilience, would still be reporting a high number of "intensity" beneficiaries." This seems to capture the fact that Core Indicator 2 measures the number of households or individuals reached rather than the extent to which their resilience has been enhanced – a type of assessment that rather seems to be captured through the sub-indicators. Based on our understanding of Core Indicators 3 and 4, it may be useful to include a similar caveat for these indicators given that they measure the value of the assets (in USD) for which a programme/project is increasing resilience, rather than the extent to which resilience of these assets is increased. Similarly, the sub-indicators seem to dis-aggregate by types of assets rather than provide a means of assessing the extent to which resilience is in fact increased.

|                                 |  |
|---------------------------------|--|
|                                 | <p>3.1. Business physical assets with increased resilience against climate hazards, by type<br/>3.2. Public services physical assets with increased resilience against climate hazards, by type</p> <p>(See the sub-indicators for definition of these two categories)</p> <p>“Increased resilience” covers three types of improvements of existing and new physical assets:</p> <p>(a) increasing resilience through <b>direct physical improvements</b> of the assets itself, such as improved on-site drainage, roofs strengthened to withstand strong winds etc.<br/>(b) increased resilience provided <b>by indirect physical improvements</b> such as coastline protection through mangrove that helps protect a city.<br/>(c) increased resilience through <b>insurance coverage</b> for the assets against climate hazard induced damage.</p> <p>“Climate hazards” include both direct impact hazards such as severe storms and floods as well as slow-onset changes such as increasingly high temperatures, desertification, drought, glacial melt and sea-level rise.</p>  |
| <b>Result areas</b>             | This indicator is directly related to the result area – Infrastructure and built environment   |
| <b>Disaggregation</b>           | See sub-indicators 3.1 and 3.2   |
| <b>Methodology</b>              | Results on this core indicator will be reported as the aggregate of the reported value in USD of the two sub-indicators on business assets and public services assets.   |
| <b>Data Sources</b>             | <ol style="list-style-type: none"> <li>Existing data on value of targeted assets from asset owners</li> <li>Other secondary data like national statistics, feasibility studies</li> <li>Insurance records</li> </ol>   |
| <b>Baseline</b>                 | N/A  |
| <b>Frequency</b>                | Project/programme-duration, updated annually.  |
| <b>Reporting Responsibility</b> | Underlying data reported by AEs, then aggregated by GCF Secretariat (OPM).   |
| <b>Reporting Format</b>         | Underlying data provided via APRs, then aggregated and reported via GCF website and to the Board.  |
| <b>Additional Notes</b>         |  |
| <b>References</b>               |  |
| <b>Core Indicator 4</b>         | <b>Natural resource assets with increased resilience against climate hazards, by type</b>  |
| <b>Unit</b>                     | Hectares (Ha)  |
| <b>Rationale</b>                | <p>The Fund promotes low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their GHG emissions and to adapt to the impacts of climate change. Monitoring the efforts made strengthening natural resources to become more climate resilient is a key indicator of progress and results of GCF projects/programmes. Results reported in this indicator refer to how GCF is helping build resilience of people, livelihoods, and ecosystems against extreme weather events.</p> <p>This indicator is aligned with the adaptation priorities identified by developing countries in NAPs and/or NDCs which include: agriculture, water, disaster risk management, climate information systems, sustainable land and forest management, urban development and infrastructure, energy, health and coastal zone management.</p> <p>This indicator aligns with the GCF's Investment Framework criterion on paradigm shift potential and the Indicative Investment Factor “Degree to which the project or programme promotes positive environmental externalities such as air quality, soil quality, conservation, biodiversity, etc.”.</p> <p>This indicator is aligned with SDG 15 “Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss”.</p> |

**Commented [CE95]: Comment (83) by CDB Entity (24 7 2020 1:06 오전)**

This sub-section suggests that the focus is on “helping build resilience of people, livelihoods, and ecosystems against extreme weather events.” It is not clear why this will focus on extreme weather events rather than also including slow-onset changes such as temperature rise, sea-level rise, etc., or if this is perhaps simply an error given that the title of the Core Indicator refers to ‘hazards’ in a more general sense.

In addition, this Core Indicator seems to focus on land, forests and ecosystems as ‘natural resource assets’, and thus the unit of measurement is hectares. As a result, this excludes water resources from being considered. As alluded to in an earlier comment (above) we are not sure where/how water resources and the resilience of the water supply is captured in the IRMF. It is clear that micro-level water security considerations could be captured in sub-indicator 2.3, but in many countries it is equally (if not more) important to intervene at the macro level (e.g. working with water utilities) to increase the resilience of water security in a changing climate. While it would also be possible to capture the benefits of some water utility/systems-level adaptation investments through Core Indicator 3 and its sub-indicators, this only captures the resilience of water system infrastructure and not the water supply.

|                                 |  |
|---------------------------------|--|
|                                 | This indicator is aligned with the Aichi Biodiversity Target 7 of the Convention on Biological Diversity: "Areas under agriculture, aquaculture and forestry, by 2020, are managed sustainably, ensuring conservation of biodiversity". It is also related to country Land Degradation Neutrality targets under the Convention to Combat Desertification.                                  |
| <b>Definition</b>               | This sub-indicator refers to natural resources, such as land under productive systems, and area covered by natural ecosystems that are improved or strengthened in order to become more climate resilient.   |
| <b>Result areas</b>             | Ecosystems and ecosystem services; Forest and land use   |
| <b>Disaggregation</b>           | See sub-indicators 4.1 and 4.2.  |
| <b>Methodology</b>              | Data reported for this core indicator will be the aggregate of the following sub-indicators:<br><br>4.1. Land or forest brought under climate-resilient management practices, by type<br>4.2. Ecosystems restored or protected to increase resilience against climate hazards, by type<br><br>To avoid double-counting, the hectares reported under each sub-indicator should not overlap. |
| <b>Data Sources</b>             | <i>Dependent on result area-specific requirements.</i>   |
| <b>Baseline</b>                 | <i>Dependent on final methodology.</i>   |
| <b>Frequency</b>                | Project/programme-duration, updated annually.  |
| <b>Reporting Responsibility</b> | Underlying data reported by AEs, then aggregated by GCF Secretariat (OPM).   |
| <b>Reporting Format</b>         | Underlying data provided via APRs, then aggregated and reported via GCF website and to the Board.  |
| <b>Additional Notes</b>         |  |
| <b>References</b>               | <a href="https://www.cbd.int/sp/targets/">https://www.cbd.int/sp/targets/</a><br><a href="https://unstats.un.org/sdgs/report/2016/goal-15/">https://unstats.un.org/sdgs/report/2016/goal-15/</a>   |

## Annex V: Illustrative Indicators Guidance – Systemic Change

| Core Indicator 5      | <b>INSTITUTIONAL AND REGULATORY FRAMEWORKS:</b><br>Degree to which GCF investments contribute to strengthening institutional and legally binding regulatory frameworks for low carbon climate-resilient development pathways.   |
|-----------------------|---|
| <b>Unit</b>           | GCF's projects/programmes are measured and reported against a four-point scale, where 0 = weak institutional and regulatory frameworks, and 3 = strong institutional and regulatory frameworks.   |
| <b>Rationale</b>      | <p>Strengthening of institutional and regulatory frameworks is at the heart of the GCF's goal to support systems change and contribute to paradigm shift, so the GCF necessarily has to track its contribution to strengthening institutional and regulatory frameworks. By using scorecards to track several elements of institutional and regulatory frameworks, this indicator can also <b>support the GCF's own planning and prioritization</b>. For example, do assessments show specific elements of institutional and regulatory frameworks require more support or investment?</p> <p>The indicator is partially aligned to <a href="#">SDG indicator 13.3.2*</a>. The GCF could use data gathered here to potentially report on its contribution to SDG indicator 13.3.2 and SDG target 13.3. The GCF's scorecard exercise could also support and inform each project's/programme's own monitoring of indicator 13.3.2.</p> <p>The indicator is partially aligned to the GCF's Investment Framework criterion 4 (country ownership and institutional capacity) and sub-criteria 3 (capacity of implementing entities or executing entities to deliver), so data gathered through this indicator can be used to track and compare actual progress against initial proposals, as well as Investment Framework assessment factor "Potential of the proposed programme or project to strengthen institutional and implementation capacity".</p>  |
| <b>Definition</b>     | <p>The indicator is used to assess degree to which GCF funded activities are supporting the development of institutional and regulatory frameworks over time.</p> <p>Assessment of GCF's contribution to strengthening institutional and regulatory frameworks will consider a series of elements using a scorecard-based approach:</p> <ul style="list-style-type: none"> <li>• Degree to which new laws/regulations/policies have been put in place to facilitate low-carbon climate-resilient development</li> <li>• Degree to which the public sector has trained knowledgeable staff in appropriate roles to deliver/oversee the strategy.</li> <li>• Extent of cross-government coordination in the delivery of the project/programme strategy horizontally across different sectors and vertically from national to local level.</li> <li>• Extent to which the private sector is aware, capable and proactively addressing climate change challenges.</li> <li>• Extent to which civil society is aware and proactively working together with projects/programmes financed by the GCF to strengthen institutional and regulatory frameworks to address climate change (CC) challenges.</li> </ul> <p>Based on assessment of all the above elements, the indicator provides a single "score" for each project/programme that can be tracked over time. Data for all projects/programmes can also be aggregated to provide "scores" at the global level, on a regional basis, or according to country groupings (e.g. LDCs, SIDS etc.).</p> |
| <b>Disaggregation</b> | Scoring will be undertaken at the project/programme level. Once all assessments have been completed it will be possible to analyze trends for different projects/programmes, according to analytical needs. For example, aggregate "scores" could be calculated and tracked by <b>region</b> , for <b>LDCs</b> , for <b>SIDS</b> , for <b>Readiness Programme participants</b> , etc.   |
| <b>Methodology</b>    | Indicator measurement is undertaken through a <b>scorecard-based approach</b> , whereby projects/programmes are assessed in terms of their capacity to strengthen institutional and regulatory frameworks against a four-point scale with values ranging from 0 (no contribution to strengthened institutional and regulatory frameworks) to 3 (high contribution to strengthened institutional and regulatory frameworks).   |

Annual assessments will be undertaken by the AEs as part of the APR. It is highly recommended scoring is done participatively with relevant stakeholders (NDAs, civil society and other stakeholders). Possible participative processes are explained in further detail in the results handbook (to be completed, post approval of the IRMF by the Board).

Scoring should be undertaken on all elements that GCF is trying to change or influence so not all aspects of the scorecard may need to be assessed.

The full scorecard is as follows:

| No contribution   | 0 | 1 | 2 | 3 | High contribution   |
|---|---|---|---|---|---|
| No relevant legal/regulatory/policy frameworks in place   |   |   |   |   | Legal/regulatory/policy frameworks developed and implemented  |
| No significant financial resources allocated to support development and implementation of institutional and regulatory frameworks   |   |   |   |   | Sufficient financial resources allocated and provided for the development and implementation of institutional and regulatory frameworks   |
| Public sector actors do not have an organizational structure/system or trained staff to respond to CC challenges and deliver strengthened institutional and regulatory frameworks |   |   |   |   | Public sector actors have an organizational structure/system or are fully staffed with trained and knowledgeable individuals to address CC challenges and delivering strengthened regulatory frameworks |
| No horizontal or vertical cross government coordination in the response to CC   |   |   |   |   | Clear functioning coordination mechanisms at both horizontal and vertical levels effectively coordinating CC response   |
| Private sector players unaware of their contribution to CC and do not have structures or skills to respond in a timely manner   |   |   |   |   | Private sector players fully understand their role in addressing CC and possess business models/strategies/expertise to proactively address appropriate CC challenges                                   |
| Civil society organizations have insufficient knowledge and skills to address relevant CC challenges or to hold the public and private sector to account                          |   |   |   |   | Civil society organizations understand the contribution it can make and has sufficient knowledge/skills to design interventions which address CC and hold other stakeholders to account                 |

The process is to a large extent reliant on professional knowledge and judgement; therefore, it is important AEs have these validated by other sectoral/local/national stakeholders. Any change in score requires a short narrative explanation to provide transparency and show how: GCF investments contributed and supported the change, identify patterns across the portfolio and to assist learning about the trajectory of improvement.

Subjectivity cannot be entirely eliminated from the assessments, but a process of **review and benchmarking** can help to mitigate bias, improve consistency and allow assessors to learn from each other. It is recommended that – once all annual assessments have been completed – some form of portfolio validation exercise be undertaken. A participatory approach bringing AE, NDA representatives and GCF Secretariat staff that allows for validation is encouraged. This

**Commented [GE96]: Comment (12) by GIZ Entity (17 7 2020 11:30 오후)**

Brief guidance or indication on how this should be budgeted in the project design would be appreciated.

|                                 |   |
|---------------------------------|---|
|                                 | <p>is also aligned with the GCF's Governing Instrument, which encourages use of participatory monitoring involving relevant stakeholders.</p> <p>An alternative is that a lead assessor (or small group) takes on the task of validating/peer reviewing a sample of assessments, with a view to assessing levels of consistency/difference across the whole portfolio of assessments.</p> <p>External validation will also be provided by interim and final evaluations.</p> <p>Where countries have undertaken their own capacity assessments as part of their national monitoring and reporting against SDG indicator 13.3.2, those assessments could be used to directly inform this GCF scorecard assessment.</p>   |
| <b>Data Sources</b>             | <ul style="list-style-type: none"> <li>• NDA records and experience</li> <li>• National capacity assessments undertaken for SDG indicator 13.3.2</li> <li>• Readiness Programme progress and final reports</li> </ul>   |
| <b>Baseline</b>                 | <p>The first scorecard-based assessment in any given project/programme will provide the baseline value against which future scorecard assessments can be compared.</p> <p>The global baseline score can be calculated once all projects/programmes have completed their first scorecard assessments.</p>  |
| <b>Frequency</b>                | Project/programme-duration, updated annually.   |
| <b>Reporting Responsibility</b> | <p>AEs undertake the assessment. A participatory process is used to ensure professional judgments are validated; the results handbook (to be developed) outlines the alternative processes for doing this.</p> <p>Scorecards aggregated and further analysis (global, regional, country groupings) done by GCF Secretariat (OPM).</p>   |
| <b>Reporting Format</b>         | APR   |
| <b>Additional Notes</b>         | * <a href="#">SDG Indicator 13.3.2</a> : Number of countries that have communicated strengthening of institutional, systemic and individual capacity-building to implement adaptation, mitigation and technology transfer, and development actions  |
| <b>Core Indicator 6</b>         | <b>DIFFUSION OF CLIMATE CHANGE INNOVATION:</b><br>Degree to which GCF's investments contribute to innovations not previously or widely demonstrated in a particular context and strengthen conditions which facilitate the effective development, uptake and transfer of innovations.   |
| <b>Unit</b>                     | GCF's projects/programmes are measured and reported against a four-point scale, where 0 = limited recognition or support for climate change innovations 3 = high level of evidence of innovations developed, demonstrated and taken up.   |
| <b>Rationale</b>                | <p>Supporting innovation and risk taking is a key driving element of the GCF's aim of promoting a paradigm shift potential. The GCF will support development and demonstration of CC innovations. It is also ultimately the development of conditions that lead to effective development/uptake/transfer/replication of CC innovations that will lead to continuous improvement. This indicator measures how far GCF investments contribute to demonstration and uptake of new innovations and to creating enabling conditions which support and promote the actions required to generate CC innovations and support uptake and diffusion more widely.</p> <p>This is aligned with GCF Investment Framework's assessment factor "Explanations of how best available technologies and/or best practices, including those of indigenous peoples and local communities, are considered and applied. If applicable, the proposal specifies the innovations or modifications/adjustments made based on industry best practices".</p> <p>Support for research, development, demonstration and transfer of CC innovations is directly aligned with Article 10 of the UNFCCC Paris agreement, and in particular Article 10.1 - "Parties share a long-term vision on the importance of fully realizing technology development and transfer in order to improve resilience to climate change and to reduce greenhouse gas emissions" and Article 10.2 "Parties, noting the importance of technology for the implementation of mitigation and adaptation actions under this Agreement and recognizing existing technology deployment and dissemination efforts, shall strengthen cooperative action on technology development and transfer."</p> |

| <p><b>Definition</b></p>  | <p>The indicator assesses the degree to which GCF are supporting activities/developing examples that illustrate improved conditions for effective development, transfer and uptake of innovations across projects/programmes or at sectoral/local/national level. Innovation in this context is defined as either: a CC related business model, technology, practice, service or product that is researched and/or piloted and/or demonstrated for the first time; use of a business model, technology, practice, service or product that has been either taken from a different setting (sector/context); or one that combines existing processes/components from different models and puts them together in an innovative way.</p> <p>Conditions which facilitate development, transfer and uptake of innovation may include incentives (such as access to funding, subsidies or tax breaks), that promote risk and do not penalize failure. Promoting transfer/uptake can be done in monetary or non-monetary form. It may include marketing, capacity building, training, technical demonstrations, etc. It can be a commercial activity (e.g. a company selling an innovative energy efficiency solution) or non-commercial (e.g. a civil society organization actively promoting uptake of an innovative rainwater harvesting technique).</p> <p>The assessment will be undertaken at project/programme, sectoral, local or national levels. Conditions which facilitates effective development, uptake, transfer of innovations is divided into series of elements that are assessed using a scorecard-based approach. These are:</p> <ul style="list-style-type: none"> <li>• Degree to which there is evidence of deployment and uptake of innovation.</li> <li>• Degree of financial support for the delivery of innovation.</li> <li>• Level of human resources available for development, uptake, transfer and scale up of innovations.</li> <li>• Degree to which there is capacity to effectively promote and disseminate value and use of innovations.</li> <li>• Degree to which there are mechanisms in place to acknowledge and incentivize taking of risks for innovations.</li> </ul> <p>Based on assessment of the relevant elements, the indicator provides a single "score" for each project/programme that can be tracked over time. Data for all projects/programmes can also be aggregated to provide "scores", according to country groupings (e.g. LDCs, SIDS etc.), on a regional basis or at the global level.</p> |                           |   |   |  |   |                        |   |  |  |  |  |  |   |  |  |  |  |   |
|---|--|---------------------------|---|---|--|---|------------------------|---|--|--|--|--|--|---|--|--|--|--|---|
| <p><b>Disaggregation</b></p>  | <p>Scoring will be based on the scope of the GCF intervention and the environment in which it is operating. The default will be at project/programme level though a different area may be assessed, and this could focus on a specific institution (public, private, civil society) or appropriate combination of these.</p> <p>Scoring on individual elements of the scorecard will also allow an analysis of where GCF can focus to promote transfer and broad replication of successful CC innovations.</p>   |                           |   |   |  |   |                        |   |  |  |  |  |  |   |  |  |  |  |   |
| <p><b>Methodology</b></p>   | <p>Indicator measurement is undertaken through a <b>scorecard-based approach</b>, whereby various elements of conditions for innovation are assessed against a four-point scale with values ranging from 0 (no capacity) to 3 (high capacity).</p> <p>Annual assessments will be undertaken by AEs as part of the APR. It is highly recommended scoring is done participatively with other stakeholders (NDAs, civil society and other stakeholders). Possible participative processes are explained in further detail in the results handbook (to be developed, post adoption of the IRMF by the Board).</p> <p>Scoring should be undertaken on all elements that GCF is trying to change or influence so not all aspects of the scorecard may need to be assessed.</p> <p>The full scorecard is as follows:</p> <table border="1" data-bbox="357 1655 1034 1805"> <thead> <tr> <th><b>Limited innovation</b></th> <th>0</th> <th>1</th> <th>2</th> <th>3</th> <th><b>High innovation</b></th> </tr> </thead> <tbody> <tr> <td>No evidence of innovations being deployed</td> <td></td> <td></td> <td></td> <td></td> <td>Strong evidence of successful deployment and uptake of innovations</td> </tr> <tr> <td>No significant financial resources for demonstration or uptake of innovations</td> <td></td> <td></td> <td></td> <td></td> <td>Wider financial support for the delivery of innovations</td> </tr> </tbody> </table>  | <b>Limited innovation</b> | 0 | 1 | 2  | 3 | <b>High innovation</b> | No evidence of innovations being deployed |  |  |  |  | Strong evidence of successful deployment and uptake of innovations | No significant financial resources for demonstration or uptake of innovations |  |  |  |  | Wider financial support for the delivery of innovations |
| <b>Limited innovation</b>   | 0  | 1                         | 2 | 3 | <b>High innovation</b>   |   |                        |   |  |  |  |  |  |   |  |  |  |  |   |
| No evidence of innovations being deployed                                     |  |                           |   |   | Strong evidence of successful deployment and uptake of innovations |   |                        |   |  |  |  |  |  |   |  |  |  |  |   |
| No significant financial resources for demonstration or uptake of innovations |  |                           |   |   | Wider financial support for the delivery of innovations            |   |                        |   |  |  |  |  |  |   |  |  |  |  |   |

|                                 |   |  |  |  |  |
|---------------------------------|---|--|--|--|--|
|                                 | No project/programme staff able to work on innovations  |  |  |  | Model in place which allows staff to be deployed in a timely way to develop and transfer innovations   |
|                                 | No sectoral, local or national level capacity to promote and disseminate innovations  |  |  |  | Mechanisms available and used to promote innovations to wide range of audiences at sectoral, local or national level   |
|                                 | No incentivization or risk mitigation strategies at sectoral, local or national level to support innovations  |  |  |  | Clear evidence of incentivization for developing and testing innovations, including acknowledgement and acceptance of possible failure at sectoral, local or national level. |
|                                 | <p>The process is, to a large extent, reliant on professional knowledge and judgement, so it is important AEs have these validated by other sectoral, local or national stakeholders. There will invariably be variation in assessments with different weights/importance placed on different aspects of capacity. Any change in score will also require a short narrative explanation to provide transparency and also to assist learning about the trajectory of improvement.</p> <p>Subjectivity cannot be entirely eliminated from the assessments, but a process of <b>review and benchmarking</b> can help to mitigate bias, improve consistency and allow assessors to learn from each other. It is recommended that – once all annual assessments have been completed – some form of portfolio validation exercise be undertaken. A participatory approach bringing AE, NDA representatives and GCF Secretariat staff that allows for validation is encouraged. An alternative is that a lead assessor (or small group) takes on the task of validating/peer reviewing a sample of assessments, with a view to assessing levels of consistency/difference across the whole portfolio.</p> <p>External validation will also be provided through interim and final evaluations.</p> |  |  |  |  |
| <b>Data Sources</b>             | <ul style="list-style-type: none"> <li>• APRs</li> <li>• Learning and development strategies, prospectus and capacity assessments</li> <li>• Minutes of forums/training workshops and other events around the innovation</li> <li>• Promotional material (training manuals, brochures, videos, newspaper articles etc.)</li> <li>• Feedback from external stakeholders - customers, market networks</li> <li>• Surveys</li> </ul>   |  |  |  |  |
| <b>Baseline</b>                 | The first scorecard-based assessment in any given project/programme will provide the baseline value against which future scorecard assessments can be compared.   |  |  |  |  |
| <b>Frequency</b>                | The global baseline value can be calculated once all projects/programmes have completed their first scorecard assessments.  |  |  |  |  |
| <b>Reporting Responsibility</b> | Project/programme-duration, updated annually.   |  |  |  |  |
| <b>Reporting Responsibility</b> | <p>AEs undertake the assessment. A participatory process is used to ensure professional judgments are validated; the results handbook (to be completed, upon adoption of the IRMF by the Board) outlines alternative processes for doing this.</p> <p>Scorecards aggregated and further analysis (country, regional, global groupings) done by GCF Secretariat (OPM).</p>   |  |  |  |  |
| <b>Reporting Format</b>         | APR   |  |  |  |  |
| <b>Additional Notes</b>         |   |  |  |  |  |
| <b>Core Indicator 7</b>         | <p><b>MARKET DEVELOPMENT AND TRANSFORMATION:</b></p> <p>Degree to which GCF's investments contribute to new markets and business activities at the sectoral, local, or national level and create enabling environments for market transformation.</p>   |  |  |  |  |
| <b>Unit</b>                     | Projects/programmes are measured and reported against a four-point scale, where 0 = no new market development and transformation, and 3 = high level of market development and transformation through improved business model track record and increased job creation.  |  |  |  |  |

| <p><b>Rationale</b></p>   | <p>Through its projects/programmes, the GCF is committed to creating new markets and business activities at the sectoral, local or national level. This means an enabling environment would need to be created which would entail reducing costs and risks, eliminating barriers to the deployment of low-carbon and climate-resilient solutions.</p> <p>The indicator is also well-aligned to the GCF's Investment Framework criterion 2 (Paradigm shift potential) and in particular to the assessment factor "Extent to which the project/programme creates new markets and business activities at the local, national or international levels". It is also aligned with sub-criterion 3 (Contribution to the creation of an enabling environment) so data gathered through this indicator can be used to track and compare actual progress against initial proposals.</p>  |  |   |   |   |   |   |   |  |  |  |  |   |
|---|--|--|---|---|---|---|---|---|--|--|--|--|---|
| <p><b>Definition</b></p>  | <p>The indicator is used to measure whether GCF activities are supporting and informing market development and transformation through improved and sustainable business models and increased job creation, particularly in the green sector.</p> <p>Assessment will be undertaken at the project/programme level. Effective market development and transformation is divided into a series of elements assessed using a scorecard-based approach. These elements are:</p> <ul style="list-style-type: none"> <li>• Evidence of emerging signs (e.g. reduced costs and risks, eliminating barriers) that GCF's investments are contributing towards market development/transformation or other type of systems change.</li> <li>• Extent to which there is routine reflection on the performance of both what has and has not worked in relation to market development and transformation.</li> <li>• Extent to which GCF's investments will change incentives for market participants by reducing costs and risks and eliminating barriers to the deployment of low-carbon solutions.</li> <li>• Evidence (market consolidation, job creation, skills mainstreaming) GCF investments are contributing towards a market or other type of systems change.</li> </ul> <p>Based on assessment of all the above elements, the indicator provides a single "score" for each project/programme that can be tracked over time. Data for all projects/programmes can also be aggregated to provide "scores" at the global level, on a regional basis, or according to country groupings (e.g. LDCs, SIDS etc.).</p>   |  |   |   |   |   |   |   |  |  |  |  |   |
| <p><b>Disaggregation</b></p>  | <p>Scoring is undertaken at the project/programme-level, so once all project/programme assessments have been completed it will be possible to analyze trends for different country groups, according to analytical needs: for example, aggregate "scores" could be calculated and tracked by <b>region</b>, for <b>LDCs</b>, for <b>SIDS</b>, for <b>Readiness Programme participants</b>, etc.</p>  |  |   |   |   |   |   |   |  |  |  |  |   |
| <p><b>Methodology</b></p>   | <p>Indicator measurement is undertaken through a <b>scorecard-based approach</b>, whereby various elements of a project's/programme's capacity to contribute to market development and transformation are assessed against a four-point scale with values ranging from 0 (no evidence or capacity) to 3 (high evidence or capacity).</p> <p>Annual assessments will be undertaken by the AEs as part of the APR. It is highly recommended that scoring is done participatively with other stakeholders (NDAs, civil society and other stakeholders). Possible participative processes are explained in further detail in the results handbook (to be developed upon the approval of the IRMF by the Board).</p> <p>The scoring exercise will be part of an annual performance participatory assessment. The scorecard will be part of an annual report, and there will be space provided next to each scorecard to provide additional information to justify each score. The full scorecard is as follows:</p> <table border="1" data-bbox="363 1621 1038 1839"> <thead> <tr> <th data-bbox="363 1621 628 1693">No market development and transformation</th> <th data-bbox="628 1621 667 1693">0</th> <th data-bbox="667 1621 705 1693">1</th> <th data-bbox="705 1621 743 1693">2</th> <th data-bbox="743 1621 782 1693">3</th> <th data-bbox="782 1621 1038 1693">High level of market development and transformation</th> </tr> </thead> <tbody> <tr> <td data-bbox="363 1693 628 1839">No evidence of projects/programmes contributing towards market development and transformation</td> <td data-bbox="628 1693 667 1839"></td> <td data-bbox="667 1693 705 1839"></td> <td data-bbox="705 1693 743 1839"></td> <td data-bbox="743 1693 782 1839"></td> <td data-bbox="782 1693 1038 1839">Strong evidence (new sources of finance, market consolidation, job creation, skills mainstreaming) of projects/programmes contributing towards market</td> </tr> </tbody> </table> | No market development and transformation | 0 | 1 | 2   | 3 | High level of market development and transformation | No evidence of projects/programmes contributing towards market development and transformation |  |  |  |  | Strong evidence (new sources of finance, market consolidation, job creation, skills mainstreaming) of projects/programmes contributing towards market |
| No market development and transformation  | 0  | 1  | 2 | 3 | High level of market development and transformation   |   |   |   |  |  |  |  |   |
| No evidence of projects/programmes contributing towards market development and transformation |  |  |   |   | Strong evidence (new sources of finance, market consolidation, job creation, skills mainstreaming) of projects/programmes contributing towards market |   |   |   |  |  |  |  |   |



|                              |   |
|------------------------------|---|
| <p><b>Rationale</b></p>      | <p>The GCF is committed to becoming a knowledge leader in the field of climate finance. This means it needs to effectively learn from its portfolio and share and disseminates this learning. This requires the creation of a systematic learning culture and also ensuring that generated knowledge informs others in an engaging and accessible manner.</p> <p>The GCF acknowledges developing countries need sustained investment in knowledge, institutional and human capacities to realize their climate ambitions. One aim of the GCF is to build a global thought-leadership role, leveraging its knowledge and the knowledge of its wide partnership network to synthesize learning and enable replication of proven interventions that can, at scale, shift global financial flows in line with the Sustainable Development Goals and Paris Agreement.</p> <p>This indicator is aligned with SDG target 13.3 “Improve education, awareness raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning”.</p> <p>The indicator is also well-aligned to the GCF’s Investment Framework criterion 2 (Paradigm shift potential) and in particular to the assessment factor “Existence of a monitoring and evaluation plan and a plan for sharing lessons learned so that they can be incorporated within other projects”. It is also partially aligned with the GCF’s Investment Framework sub-criterion 1 (Potential for scaling-up and replication) and sub-criterion 2 (Knowledge and learning potential) so data gathered through this indicator can be used to track and compare actual progress against initial proposals.</p> |
| <p><b>Definition</b></p>     | <p>The indicator is used to measure whether GCF activities are supporting and informing improved CC investments by effective knowledge generation, capture and learning.</p> <p>Assessment will be undertaken at the project/programme level. Effective knowledge generation, learning is divided into a series of elements that are assessed using a scorecard-based approach. These elements are:</p> <ul style="list-style-type: none"> <li>• Extent to which there is routine documented reflection on the performance of both what has and has not worked in CC interventions.</li> <li>• Extent to which there is an effective institutional system for monitoring, evaluation, action, learning and knowledge management.</li> <li>• Extent to which learning leads to action either through clear evidence of a change in direction, scale up of approach, or uptake by others.</li> <li>• Extent to which there is an effective hub or mechanism for the facilitation of effective peer knowledge exchange.</li> </ul> <p>Extent to which there is evidence of learning and sharing good practices between and among actors at sectoral, local or national level. Based on assessment of all the above elements, the indicator provides a single “score” for each project/programme that can be tracked over time. Data for all projects/programmes can also be aggregated to provide “scores” at sectoral and global levels, on a regional basis, or according to country groupings (e.g. LDCs, SIDS etc.).</p>   |
| <p><b>Disaggregation</b></p> | <p>Scoring is undertaken at the project/programme level, so once all projects/programmes assessments have been completed it will be possible to analyze trends for different country groups, according to analytical needs: for example, aggregate “scores” could be calculated and tracked by <b>region</b>, for <b>LDCs</b>, for <b>SIDS</b>, for <b>Readiness Programme participants</b>, etc.</p>   |
| <p><b>Methodology</b></p>    | <p>Indicator measurement is undertaken through a <b>scorecard-based approach</b>, whereby various elements of a project’s/programme’s institutional capacity are assessed against a four-point scale with values ranging from 0 (no capacity) to 3 (high capacity).</p> <p>Annual assessments will be undertaken by AEs as part of the APR. It is highly recommended that scoring is done participatively with other stakeholders (NDAs, civil society and other stakeholders). Possible participative processes are explained in further detail in the results handbook (to be developed, upon the approval of the IRMF by the Board).</p> <p>The scoring exercise will be part of an annual performance participatory assessment. The scorecard will be part of an annual report, and there will be space provided next to each scorecard to provide additional information to justify each score. The full scorecard is as follows:</p>  |

|                     | No knowledge generation, capture and learning  | 0 | 1 | 2 | 3 | High level of knowledge generation, capture and learning  |
|---------------------|--|---|---|---|---|---|
|                     | No routine capture of lessons learned by projects/programmes   |   |   |   |   | Routine and systemized documented reflection of what has and has not worked at the project/programme level  |
|                     | No effective project/programme level monitoring, evaluation, action and learning systems   |   |   |   |   | Effective and resourced monitoring, evaluation, action and learning systems which influences project/programme design   |
|                     | No evidence of routine changes in direction, uptake by others, or going to scale based on learning at project/programme level (by actors, sectors or country)  |   |   |   |   | Strong evidence of routine changes in direction, uptake by others, or going to scale based on learning at project/programme level (by actors, sectors or country)                   |
|                     | No mechanism for sharing relevant knowledge between and among projects/programmes or at sectoral, local and national level   |   |   |   |   | Credible learning hub/mechanism in place which facilitates effective peer-to-peer knowledge exchange between and among projects/programmes or at sectoral, local and national level |
|                     | No sharing of good practices between and among projects/programmes or at sectoral, local and national level  |   |   |   |   | Evidence of widespread learning and sharing of good practices between and among projects/programmes or at sectoral, local and national level  |
|                     | <p>The process is to a large extent reliant on professional knowledge and judgement, so it is important AEs have these validated by other sectoral/local/national stakeholders. There will invariably be some variation in assessments with different weights/importance placed on different aspects of capacity. Any change in score will also require a short narrative explanation to provide transparency and also to assist learning about the trajectory of improvement.</p> <p>Subjectivity cannot be entirely eliminated from the assessments, but a process of <b>review and benchmarking</b> can help to mitigate bias, improve consistency and allow assessors to learn from each other at sectoral/local/national/global levels. It is recommended that – once all annual assessments have been completed – some form of portfolio validation exercise be undertaken. This could involve an annual participatory assessment that brings AE, NDA representatives and GCF Secretariat staff together to compare assessments and approaches. An alternative is a lead assessor (or small group) takes on the task of validating/peer reviewing a sample of assessments, with a view to assessing levels of consistency/difference across the whole portfolio.</p> <p>External validation will be provided by interim and final evaluations.</p> |   |   |   |   |   |
| <b>Data Sources</b> | <ul style="list-style-type: none"> <li>• NDA records and experience</li> <li>• Training records</li> <li>• Conference/outreach event agendas</li> <li>• Publications/training manuals/dissemination materials</li> <li>• Project/Programme APRs, interim and final evaluations, stakeholder consultations reports</li> </ul>   |   |   |   |   |   |
| <b>Baseline</b>     | The first scorecard-based assessment in any project/programme will provide the baseline value against which future scorecard assessments can be compared.  |   |   |   |   |   |



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|                                 |  |
|---------------------------------|--|
|                                 | The global baseline score can be calculated once all projects/programmes have completed their first scorecard assessments.   |
| <b>Frequency</b>                | Project/programme-duration, updated annually.  |
| <b>Reporting Responsibility</b> | NDA, AEs and GCF undertake a participatory assessment. Scorecards aggregated and further analysis (global, regional, country groupings, etc.) done by GCF Secretariat (OPM). |
| <b>Reporting Format</b>         | APR  |
| <b>Additional Notes</b>         |  |

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## Annex VI: Linkages between the IRMF and the initial IF

| <b>IRMF indicators</b>   | <b>Investment Framework (criterion)</b>                                   | <b>Investment Framework (sub-criterion)</b>   |
|--|---|---|
| Paradigm shift potential - Scale   | Paradigm shift potential  | Potential for expanding the scale and impact of the proposed programme or project (scalability)                               |
| Paradigm shift potential - Depth   | Paradigm shift potential  | Potential for expanding the proposal's impact without equally increasing its cost base (scalability)                          |
| Paradigm shift potential - Sustainability  | Paradigm shift potential  | Sustainability of outcomes and results beyond completion of the intervention  |
| Core 1: GHG emissions reduced, avoided or removed / sequestered, per result area           | Impact potential (mitigation impact)<br>Sustainable development potential | Contribution to the shift to low-emission sustainable development pathways  |
| Core 2: Direct and indirect beneficiaries, per result area                                 | Impact potential (Adaptation impact)<br>Sustainable development potential | Contribution to increased climate-resilient sustainable development for most vulnerable people and communities                |
| Core 3: Physical assets with increased resilience against climate hazards, by type         | Impact potential (Adaptation impact)<br>Sustainable development potential | Contribution to increased climate-resilient sustainable development for most vulnerable people and communities                |
| Core 4: Natural resource assets with increased resilience against climate hazards, by type | Impact potential (Adaptation impact)<br>Sustainable development potential | Contribution to increased climate-resilient sustainable development for most vulnerable people and communities                |
| Core 5: Institutional and regulatory frameworks  | Paradigm shift potential  | Potential for strengthened regulatory frameworks and policies to drive investment in low-emission technologies and activities |
| Core 6: Diffusion of climate change innovation   | Paradigm shift potential  | Innovation  |
| Core 7: Market development and transformation  | Paradigm shift potential  | Market development and transformation   |
| Core 8: Knowledge generation, capture and learning   | Paradigm shift potential  | Contribution to the creation or strengthening of knowledge, collective learning   |

## Annex VII: Linkages between the IRMF and the GCF's result areas

| IRMF indicators   | GCF Result Areas   |
|---|--|
| <b>Core 1: GHG emissions reduced, avoided or removed /sequestered, per result area</b>                                  | <b>Energy generation and access; low-emissions transport; buildings, cities, industries and appliances; forests and land use</b> |
| 1.1 Annual energy savings   | Buildings, cities, industries and appliances   |
| 1.2 Megawatt-hours energy storage system installed  | Energy generation and access   |
| 1.3 Installed capacity (MW) in energy access and power generation   | Energy generation and access   |
| 1.4 Improved low-emissions vehicle fuel economy   | Low emissions transport  |
| 1.5 Proportion of newly designed buildings performing green services  | Buildings, cities, industries and appliances   |
| <b>Core 2: Direct and indirect beneficiaries, per result area</b>   | <b>All eight result areas</b>  |
| 2.1 Households and individuals (female/male) adopting improved and/or new climate-resilient livelihood options          | Most vulnerable people and communities   |
| 2.2 Households and individuals (female/male) with improved food security (reduced food insecurity)                      | Health, well-being, food and water security  |
| 2.3 Households and individuals (female/male) with more climate-resilient water security                                 | Health, well-being, food and water security  |
| 2.4 Households and individuals (female/male) covered by new or improved early warning systems                           | Most vulnerable people and communities   |
| 2.5 Households and individuals (female/male) adopting innovations that strengthen climate change resilience             | Most vulnerable people and communities   |
| 2.6 Households and individuals (female/male) living in buildings that have increased resilience against climate hazards | Infrastructure and built environment   |
| <b>Core 3: Physical assets with increased resilience against climate hazards, by type</b>                               | <b>Infrastructure and built environment</b>  |
| 3.1 Business physical assets with increased resilience against climate hazards, by type                                 | Infrastructure and built environment   |
| 3.2 Public service physical assets with increased resilience against climate hazards, by type                           | Infrastructure and built environment   |
| <b>Core 4: Natural resource assets with increased resilience against climate hazards, by type</b>                       | <b>Ecosystems and ecosystem services; Forest and land use</b>  |
| 4.1 Land or forest brought under climate-resilient management practices, by type  | Forest and land use  |

**Commented [ADBE97]: Comment (78) by Asian Development Bank Entity (23 7 2020 1:01 오후)**

Usually fuel economy is measured per vehicle. Then, this indicator may not be suitable for low-carbon transport induced by mode shift (from passenger car to public transport or NMT).

**Commented [ADBE98]: Comment (79) by Asian Development Bank Entity (23 7 2020 1:01 오후)**

It is unclear what "green services" means. Also this indicator does not seem suitable to industries and appliance (GCF result areas).

Further, there is very little mention of "energy efficiency" especially in the context of building and industries. While green buildings are essential in new infrastructure development still there is a lot of untapped EE potential in existing buildings sector.

| IRMF indicators  | GCF Result Areas                  |
|--|-----------------------------------|
| 4.2 Ecosystems restored or protected to increase resilience against climate hazards, by type | Ecosystems and ecosystem services |
| <b>Core 5: Institutional and regulatory frameworks</b>                                       | All eight result areas            |
| <b>Core 6: Diffusion of climate change innovation</b>  | All eight result areas            |
| <b>Core 7: Market development and transformation</b>   | All eight result areas            |
| <b>Core 8: Knowledge generation, capture and learning</b>                                    | All eight result areas            |

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## Annex VIII: Overview of roles and responsibilities

1. The overall roles and responsibilities of respective GCF stakeholders for the approach proposed within the IRMF is outlined below. In accordance with the proposed results architecture of the IRMF, it shows (i) which stakeholders are engaged at different levels of the results chain and (ii) what are their respective mandates. At the far right-hand side of the table presented below are “Notes” which highlight what type of measurement, data aggregation and qualitative assessments are required to be collected by the Secretariat and relevant stakeholders.

| IRMF                 |  |                                       | Mandate of GCF stakeholders   |   |   |   | Notes   |
|----------------------|--|---------------------------------------|---|---|---|---|---|
| Results architecture | Measurement  | Level                                 | NDA   | AE  | GCF Secretariat   | GCF IEU (or a third party)  |   |
| GCF IMPACT           | Paradigm shift potential<br><br>Three dimensions:<br>1) Scale<br>2) Depth<br>3) Sustainability | GCF level and project/programme level | Facilitate participatory workshops <sup>1</sup> with AEs and relevant stakeholders. | 1) Self-assess paradigm shift potential by scoring relevant three dimensions in interim and final evaluations.<br><br>1) Measure and report relevant dimensions annually through APRs in narratives, if applicable.<br><br>3) Hold participatory workshops at | 1) Aggregate project/programme data at the Fund-level and conduct portfolio-level analysis.<br><br>2) Support AEs to conduct participatory “self-assessment” workshops.<br><br>3) Ex-post verification: Conduct ex-post verification after completion of projects/programmes.<br><br>4) Ex-post review: Conduct ex-post review for a sample of projects/programmes to assess the credibility of | Ex-post evaluation:<br><br>As mandated by the Board, conduct GCF-level evaluation of the GCF portfolio, i.e., country portfolio evaluations and thematic evaluations etc. | The proposal should outline the degree of changes in measuring paradigm shift potential with three dimensions using a scorecard-based approach.<br><br>The main objective of this assessment is for the GCF Secretariat to determine whether there has been a contribution to paradigm shift potential due to GCF’s interventions.<br><br>These studies will also provide useful information, which |

<sup>1</sup> Workshops will be held on a voluntary basis, but AEs are encouraged to conduct these based on participatory principles outlined in the MAF.

| IRMF                 |   |                         | Mandate of GCF stakeholders  |  |  |                            | Notes   |
|----------------------|---|-------------------------|--|--|--|----------------------------|---|
| Results architecture | Measurement   | Level                   | NDA  | AE   | GCF Secretariat  | GCF IEU (or a third party) |   |
|                      |   |                         |  | the interim and final evaluation stages to assess.   | results achieved over the lifespan of an asset/investment and reported to the GCF during project/programme implementation of the intended climate impacts, their sustainability and the potential for scalability and replication. |                            | may be used in GCF publications as compelling “story telling” of change promoted through GCF interventions.   |
| GCF OUTCOMES         | <p>Reduced Emissions and Increased Resilience</p> <p>1) GHG emissions reduced, avoided or removed/sequestered, per result area</p> <p>2) Direct and indirect beneficiaries, per result area</p> <p>3) Physical assets with increased resilience against climate hazards, by type</p> <p>4) Natural resource assets with increased resilience against climate hazards, by type</p> | Project/programme level | Facilitate participatory workshops with AEs and relevant stakeholders. | <p>Measure and report relevant indicators annually through APRs.</p> <p>Reporting requirements: Either Core 1 or Core 2, or both as mandatory; Core 3 and 4 as relevant.</p> |  |                            | <p>Data coming from project/programme level indicators will determine progress in terms of reduced emissions and increased resilience.</p> <p>Data from these indicators will also be used to report progress of GCF interventions per country, region, or aggregated at the portfolio level.</p> |
|                      | <p>Systemic Change</p> <p>1) Institutional and regulatory frameworks</p>  | Project/programme level | Facilitate participatory workshops with AEs and                        | Measure and report relevant indicators   |  |                            | A two-track approach is applied in assessing the four core indicators:  |

| IRMF                 |  |       | Mandate of GCF stakeholders |   |                 |                            | Notes   |
|----------------------|--|-------|-----------------------------|---|-----------------|----------------------------|---|
| Results architecture | Measurement  | Level | NDA                         | AE  | GCF Secretariat | GCF IEU (or a third party) |   |
|                      | 2) Diffusion of climate change innovation<br>3) Market development and transformation<br>4) Knowledge generation, capture and learning |       | relevant stakeholders.      | annually through APRs.<br><br>Reporting requirements:<br>At least two core indicators including knowledge generation, capture and learning. |                 |                            | 1) In line with the four core indicators, a qualitative scorecard assessment is applied.<br><br>2) Measuring 'quantitative' aspects from AEs through the RTT.<br><br>If needed, scorecard assessment workshops may be held to exchange lessons learned and results from different GCF projects/programmes within a country. |