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Updates on addressing gaps in the current portfolio for measurement

Summary

This document presents updates under Phase I of the remediation activities to address the monitoring and evaluation (M&E) gaps in the current portfolio for measurement. The remediation exercise will improve the quality of results measurement in the GCF portfolio and enable GCF to credibly report results from its investments in the initial resource mobilization period. The update is in response to the request of the Board through decision B.28/02 to present to the Board for consideration a detailed action plan and funding envelope for remedial action no later than the thirtieth meeting of the Board (B.30) or through between Board meetings. Due to the changes in the Board schedule and delays in the budget approval and procurement process, these updates are presented in the thirty-third meeting of the Board (B.33). This document presents the outcome of the negotiations with accredited entities (AEs) implementing projects/programmes with M&E gaps rated as moderate, elevated or high risk. It also contains a summary of the remedial actions that the AEs accepted to reduce the identified M&E gaps risks to low or slight risk, and the proposed arrangements for implementing these actions under Phase 2. The activities under Phase 1 served as a platform for joint learning allowing the Secretariat to explain the GCF M&E-related requirements including linking with the integrated results management framework, and the AEs to share the practical challenges of using the logical framework as designed. Such interactions, focused on co-learning to improve current results measurement practice, paved the way for a fruitful engagement on the action plan and budget, and consequently, for the Secretariat to achieve reduced risk levels for the measurement gaps in its portfolio.

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I. Introduction

1. Informed by the Independent Evaluation Unit's (IEU) independent review of the GCF results management framework (RMF) (document GCF/B.22/07) and the Secretariat's ensuing risks-based assessment of the critical monitoring and evaluation (M&E) gaps in the GCF portfolio, the Board took note of the work done by the Secretariat and guided the Secretariat to proceed with the identified M&E gaps in two phases (decision B.28/02). Through decision B.BM 2021/17, the Board further approved the budget for Phase 1 of the remediation activities. Following the guidance by the Board contained in decision B.28/02, this paper presents updates to the Secretariat's remediation efforts under Phase 1 and the proposed budget and workplan for Phase 2 of the remediation activities.

II. Background

2. The IEU's independent review of the RMF and the findings of the subsequent "Forward Looking Performance Review of the GCF" (document GCF/B.23/20, key finding 3d), identified gaps in both the design and implementation of the RMF, including in the Secretariat's application of results management principles. Overall, the IEU concluded that the identified M&E gaps would limit the ability of GCF to demonstrate fund-level results for the initial resource mobilization period.

3. These gaps arose from a combination of factors, including limited M&E capacity during the initial phases of GCF and the rapid operationalization and approval of funding proposals during the initial resource mobilization period. The initial focus on scaling up operations and early project approvals while seeking to develop the Secretariat's results management capabilities compromised the quality of M&E review. The IEU findings and recommendations thus contribute to the efforts of GCF, as a learning institution, to evolve its results management approaches as applied through the GCF second-level due-diligence approach and business model.

4. Against this background, the Secretariat has made concerted efforts to strengthen project results management and M&E through a more robust pre-approval review of funding proposals. The Secretariat's efforts to date include revisions to the funding proposal template, development of a new Programming Manual, provision of feedback to accredited entities (AEs) based on the Programming Manual, and provision of tailored trainings to AEs on theory of change and logical framework development. In addition, the Secretariat has finalized the Integrated Results Management Framework with the accompanying Results Handbook under consultation. The Secretariat also conducted a reassessment of the greenhouse gas (GHG) emission reduction calculations in the approved mitigation and cross-cutting funded activities in the portfolio (2020) and commenced a similar exercise for adaptation beneficiaries (2022). The Secretariat continues to build on its growing experience to improve the GCF M&E systems as well as the provision of support to AEs in this regard.

5. To address the issues identified in the projects' application of results management framework/performance measurement framework (RMF/PMF), the Secretariat undertook a risks-based remediation approach that seeks to apply a range of measures to improve results reporting at the project level. The aim was to reduce the tolerance thresholds for the projects and consequently the entire GCF portfolio. The remediation exercise concluded that activities for target projects/programmes are voluntary and contingent on the AEs' willingness to participate. The exercise provided GCF and AEs with an opportunity to shift and strengthen results management approaches during implementation for part of the GCF portfolio.

6. The proposed remediation activities were based on the Secretariat's assessment of the gaps in the logical framework of 100 funding proposals that had been approved up to and

including the twenty-second meeting of the Board (B.22). The results were presented to the twenty-eighth meeting of the Board (B.28) as contained in the document titled “Addressing gaps in the current portfolio for measurement” (hereafter referred to as the “M&E Gaps Analysis”).

7. Through decision B.28/02, the Board requested the Secretariat to target remediation efforts covering all gaps in project/programme monitoring and evaluation or the relevant performance management frameworks’ indicator risk assessment, where the ratings are assessed by the Secretariat as moderate, elevated or high. Further, the Board approved the Secretariat to undertake the remediation actions in two phases:

- (a) **Phase 1:** The Secretariat retaining a vendor and consulting with accredited entities to assess the willingness of the accredited entities to undertake proposed remediation activities on a project-specific basis, where the ratings are assessed by the Secretariat as moderate, elevated or high; and
- (b) **Phase 2:** Based on feedback received from accredited entities, the Secretariat proposing a detailed action plan and funding envelope for remedial actions to be presented to the Board for consideration at the earliest possible opportunity, which may be through a decision between meetings, not later than the thirtieth meeting of the Board, to cover the costs of the remediation activities to be undertaken at the Secretariat and accredited entity level.

8. The Board also requested the Secretariat to present to the Board for consideration a detailed action plan and funding envelope for remedial action no later than B.30 or through between Board meetings.

9. The Budget Committee cleared the Secretariat’s budget request for Phase 1 on 8 July 2021 and the Board approved the additional administrative budget through decision B.BM – 2021/17 on 13 August 2021.

10. Following the budget approval, the Secretariat initiated an open procurement process on 6 September 2021 and commissioned the vendor, Asesoramiento Ambiental Estratégico (AAE), on 24 November 2021 to provide support for Phase 1 activities. Phase 1 activities were then undertaken from 25 November 2021 to 31 May 2022.

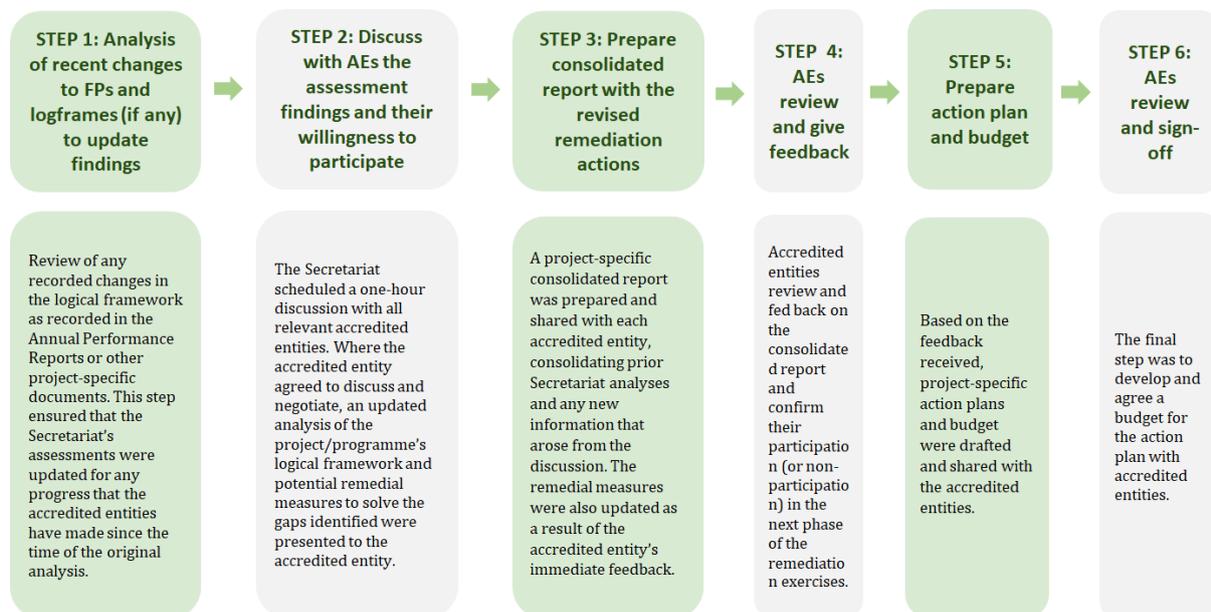
11. It is noted that, due to the impact of the changes in the Board schedule and delays in the budget approval and procurement process, the updates to the Board initially requested to be presented at B.30 are now presented at the thirty-third meeting of the Board (B.33).

12. Accordingly, this paper aims to update the Board on the results from the Secretariat’s implementation of Phase 1 and to present the proposed implementation arrangements for Phase 2.

III. Approach to Phase 1

13. Phase 1 consisted of a six-step process lead by the Secretariat (supported by the vendor – AAE), which was both consultative and ensured adequate participation from the AEs.

Figure 1: Phase 1 activities



Abbreviations: AEs = accredited entities, FPs = funding proposals.

IV. High-level trends

14. Phase 1 included 50 funding proposals rated moderate, elevated or high out of the 100 projects/programmes covered by the Secretariat's M&E gaps analysis¹. These funding proposals are being implemented by 22 AEs including 10 direct access entities as listed in annex I of addendum I to this document (document GCF/B.33/10/Add.01). The Secretariat contacted all 22 AEs at the start of Phase 1 to request a discussion on the results of the M&E gaps analysis conducted by the Secretariat.

15. Ten direct access entities and nine international access entities agreed to negotiate a combined total of 34 funding proposals. Three AEs declined participation from the initial point of contact, representing 12 unnegotiated funding proposals. Four direct access entities and two international accredited entities (IEAs) declined further engagement after the one-hour call. As a result, 21 funding proposals covering 6 direct access entities and 7 IAEs moved to Phase 2 as summarized in table 1.

16. The reasons AEs gave for declining further participation after initial discussions include (i) remedial actions have already been implemented (four projects); (ii) project is closing imminently (two projects); (iii) project is undergoing restructuring or evaluation and AEs prefer to use these channels to improve the logical framework (three projects); and (iv) changes were considered material and the AE would prefer not to go through a funded activity agreement (FAA) amendment process (two projects). There were also some AEs that expressed initial interest but did not engage further on the consolidated report (three projects) and AEs that preferred not to make any changes to the logical framework (two projects).

17. For the AEs that opted not to engage, the reasons were (i) busy implementation teams; and (ii) preference not to amend the projects. The reasons given by AEs for excluding some funding proposals and not participating in the exercise are set out in more detail in table 2 and table 3 respectively. Further details are summarized in table 2.

¹ Prior to the beginning of Phase I, three of the targeted projects, FP038, FP065 and FP104, had lapsed and the analysis covered only 97 projects.

Table 1: Breakdown of participating and non-participating accredited entities

Participating	Non-participating
13 AEs (6 DAEs, 7 IAEs; 59% of total)	9 AEs (4 DAEs, 5 IAEs; 41% of total)
21 FPs (7 implemented by DAEs, 14 implemented by IAEs; 42% of total)	29 FPs (5 implemented by DAEs, 24 implemented by IAEs; 58% of total)

Abbreviations: AE = accredited entity, DAE = direct access entity, FPs = funding proposals, IAE = international access entity.

Table 2: Accredited entities that agreed to negotiate

No.	AE	FPs	Total Projects/ Reason for exclusion
Direct Access Entities			
1	Acumen	FP005 Not covered: FP078	1 <i>Acumen has implemented improvements to the logical framework recently and chose not to make any further changes.</i>
2	BOAD*	FP102	<i>Initially interested but no response from the AE on the consolidated report.</i>
3	CCCCC*	FP060	<i>Initially interested but no response from the AE on the consolidated report.</i>
4	CSE	FP003	1
5	DBSA	FP098#, FP106	2
6	DOE-ATG	FP061	1
7	EIF	SAP001	1
8	NABARD	FP045	1
9	Profonanpe	FP001	1
10	SPREP*	FP035	<i>Remediation actions have already been undertaken by the AE.</i>
11	XacBank*	FP028, FP046	<i>FP028 – preferred not to make any changes but noted the recommendations for future projects. FP046 has finished implementation.</i>
International Access Entities			
12	AfDB	FP092 Not covered: FP080 FP093	2 <i>FP080 - Hiring of TM was under way at the time of the negotiations. AfDB unable to engage on the details of the project. FP093 – The FP is under restructuring. AfDB does not consider implementing remediation measures would bring any value at this stage given the forthcoming changes.</i>
13	EBRD+	FP025, FP039, FP043 FP047, FP086	5
14	FAO	FP089	1
15	IFAD*	FP101	<i>IFAD has already implemented the remedial measures needed on the logical framework. Other M&E-related requirements are beyond the scope of the current exercise.</i>



No.	AE	FPs	Total Projects/ Reason for exclusion
16	UNDP	FP033, FP068, FP072	3
		Not covered: <i>FP013</i> <i>FP016</i> <i>FP018</i> <i>FP037</i> <i>FP053</i> <i>FP056</i>	<i>FP013 – closing soon</i> <i>FP016 – required changes were deemed material so the AE refused to engage further on this FP</i> <i>FP018 – proposed changes have already been implemented</i> <i>FP037 – undergoing restructuring</i> <i>FP053 – Interim evaluation is ongoing. UNDP would prefer to consider the proposed changes to the logical framework through the evaluation.</i> <i>FP056 – required changes were deemed material so the AE refused to engage further on this FP</i>
17	UNEP	FP011	1
		Not covered: <i>SAP003</i>	<i>UNEP noted that SAP003 is a special case and they prefer not to make any changes to it.</i>
18	WFP	FP049, FP067	2
19	WWF*	FP050	<i>Initially interested but no response from the AE on the Consolidated Report.</i>
TOTAL FPs and SAPs NEGOTIATED			38
<i>FPs moving ahead to the next phase</i>			21
<i>FPs removed from the exercise by AEs</i>			17

Abbreviations: Acumen = Acumen Fund, Inc., AE = accredited entity, AfDB = African Development Bank, BOAD = Banque Ouest Africaine de Développement (West African Development Bank), CCCC = Caribbean Community Climate Change Center, CSE = Centre de Suivi Ecologique, DAE = direct access entity, DBSA = Development Bank of Southern Africa, DOE-ATG = Department of Environment, Ministry of Health and Environment, Government of Antigua and Barbuda, EBRD = European Bank for Reconstruction and Development, EIF = Environmental Investment Funds of Namibia, FAO = Food and Agriculture Organization of the United Nations, FP = funding proposal, IAE = international access entity, IFAD = International Fund for Agricultural Development, M&E = monitoring and evaluation, NABARD = National Bank for Agriculture and Development, Profonanpe = Peruvian Trust Fund for National Parks and Protected Areas, SAP = simplified approval process, SPREP = Secretariat of the Pacific Regional Environment Programme, TM = Task Manager, UNDP = United Nations Development Programme, UNEP = United Nations Environment Programme, WFP = World Food Programme, WWF = World Wildlife Fund, XacBank = XacBank LLC (Mongolia).

Note: Projects shaded in grey either declined to participate or have already implemented the remedial measures.

* BOAD, CCCC, SPREP, XacBank, IFAD and WWF negotiated but afterwards declined participation in the next phase.

+ The remediation measures are subject to final confirmation from EBRD.

#Subject to progress in restructuring.

Colour codes for funding proposals: **Red = High risk; Purple = Elevated risk; Orange = Medium risk**

Table 3: Accredited entities that declined to negotiate

No.	Entity	FPs	Reason for not participating
International access entities			
20	ADB	FP008, FP036, FP052, FP076	<i>Project teams were busy on reporting and implementation.</i>
21	AFD	FP021, FP042	<i>Not willing to amend both projects.</i>
22	World Bank	FP014, FP044, FP070, FP071, FP074, FP083	<i>M&E follows World Bank's policies and procedures as per their accreditation and World Bank will not modify them for GCF purposes.</i>
TOTAL FPs UNNEGOTIATED			12

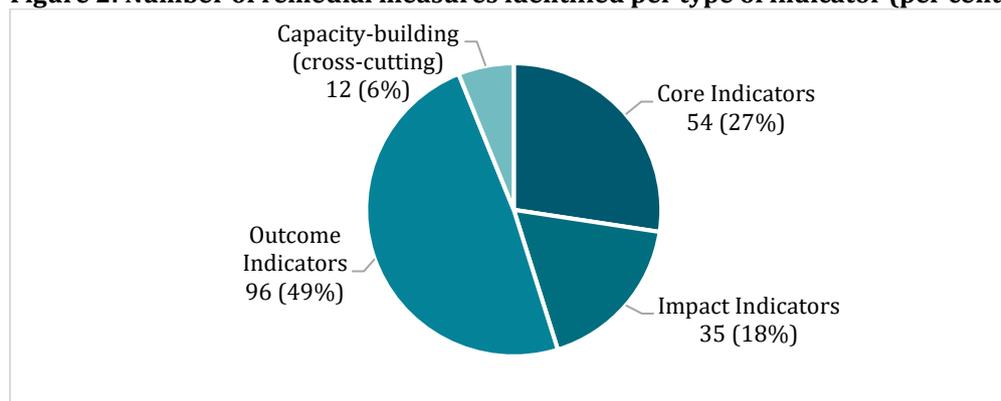
Abbreviations: ADB = Asian Development Bank, AFD = Agence Francaise de Developpement, M&E = monitoring and evaluation, World Bank = International Bank for Reconstruction and Development and International Development Association.

Colour codes for funding proposals: **Red = High risk; Purple = Elevated risk; Orange = Medium risk**

18. In terms of remedial measures, 197 measures were identified across the 21 negotiated funded proposals as a result of the negotiation with AEs. Of the 197 remedial measures, 102 were accepted by the AEs and will be implemented in Phase 2. Twenty (20) remedial measures were not accepted and the main reasons for this is either they have already been implemented, or the AE deemed them material, potentially leading to a reopening of the FAA.

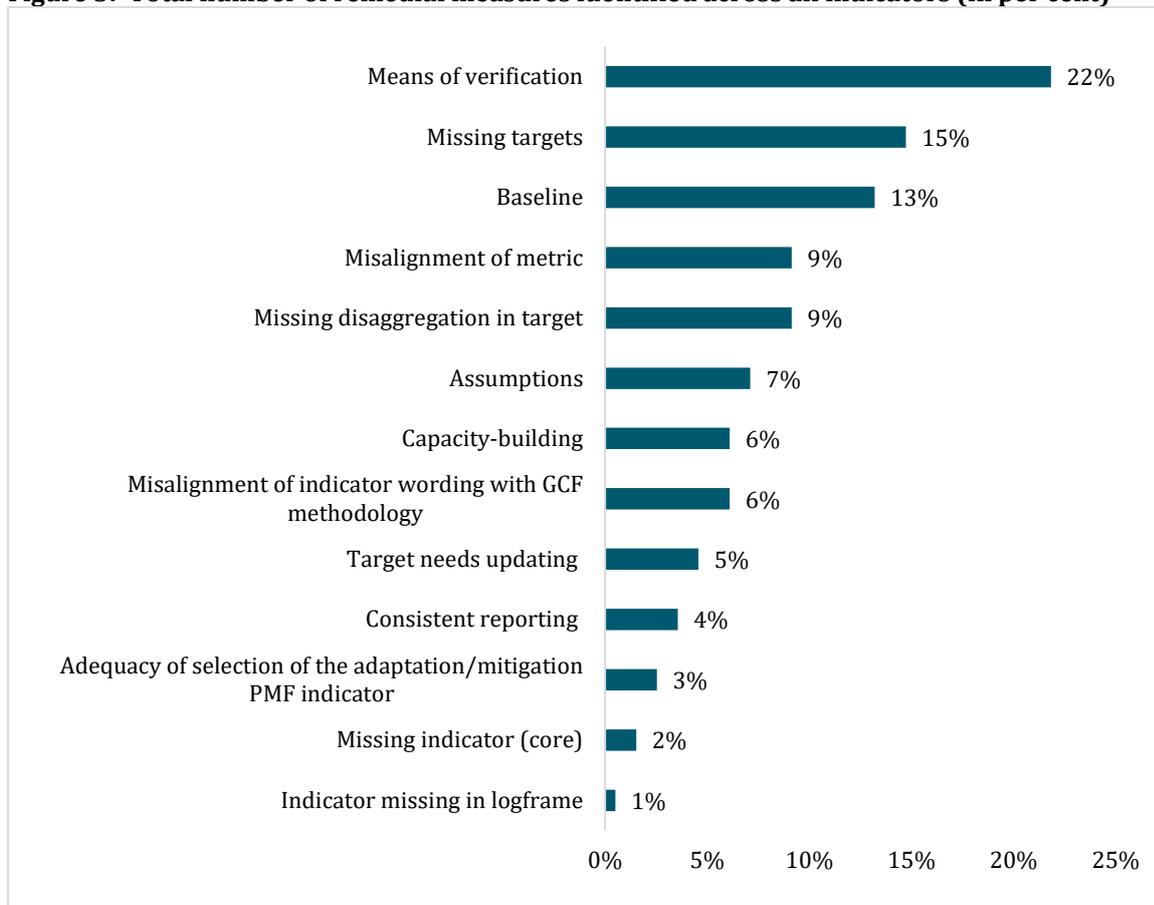
19. The largest number of the remedial measures identified were for outcome indicators (49 per cent). Some improvements were also identified for core indicators (27 per cent) and impact indicators (18 per cent).

Figure 2: Number of remedial measures identified per type of indicator (per cent in parenthesis)



20. The most common remedial measures identified across funding proposals were related to lack of means of verification (MoVs) for results triangulation (22 per cent), missing targets, particularly midterm targets (15 per cent), or lack of or inappropriate baseline.

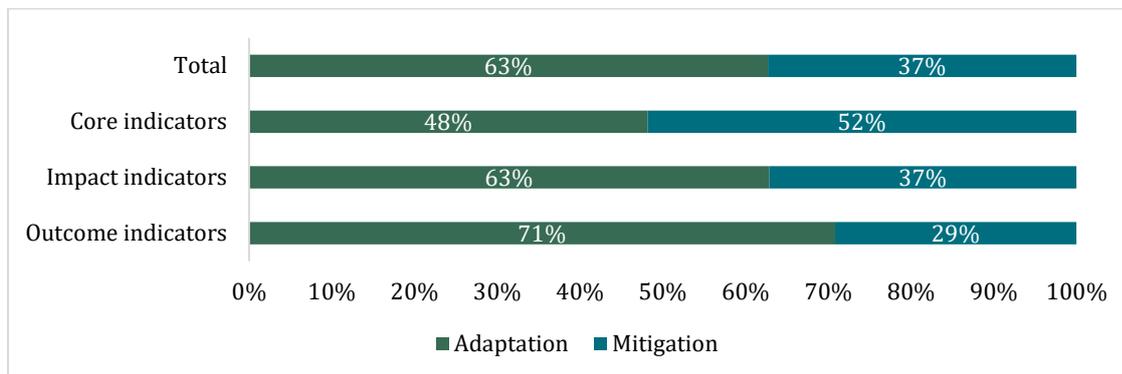
Figure 3: Total number of remedial measures identified across all indicators (in per cent)



Abbreviation: PMF = Performance Measurement Framework.

21. The majority of remedial measures were for adaptation indicators (63 per cent). However, for core indicators, more remedial measures were identified for mitigation indicators.

Figure 4: Analysis of indicators with remedial measures by thematic area (in per cent)



22. For adaptation indicators, remedial measures concentrated particularly on the core indicator “Total number of direct and indirect beneficiaries”. The remediation required related to gender disaggregation of beneficiaries. In some instances, the methodology for calculating direct and indirect beneficiaries is incorrect or unclear.

23. For mitigation indicators, the most frequent remedial measures were the same across core, impact and outcome level indicators. Most frequently, the remediation required was to

incorporate data triangulation (i.e., energy audits) as the MoVs tended to rely on company reports. Depending on the project's stage of implementation, energy audits were recommended for the midterm and final evaluation. It was also common that the midterm target was missing. In some cases, the assumptions provided were insufficient so the methodology to calculate the targets had to be reviewed. In addition to this, and as was also the case for adaptation indicators, some outcome-level indicators fail to measure the qualitative component as required by the PMF.

24. Beyond the corrective measures related to indicators, the negotiations also highlighted the demand for M&E-related capacity-building activities in order to sustain the long-term impact of the remediation activities. All AEs moving on to the next phase expressed the need for targeted capacity-building in M&E. The most common capacity gaps identified during the negotiations include: (i) measuring direct and indirect beneficiaries to comply with GCF requirements; (ii) identifying and using appropriate MoVs to strengthen impact reporting; (iii) design of an M&E system that allows capture of results and lessons learned to improve project implementation; (iv) baseline development; and (v) setting of midterm and final targets.

Table 4: Summary of remedial measures per funding proposal

AEs	FPs	High-level summary of remedial measures
Direct access entities		
Acumen	FP005	Core/impact level: for adaptation, the measures include revision of the definitions of beneficiaries, adding assumptions and disaggregate targets. For mitigation, the revision of the ex-post methodology to estimate emissions reduction. Outcome level: update baseline, add disaggregation.
CSE	FP003	Outcome level: the current definition of indicators is misaligned with the PMF indicators. The measures include development of methodology, additional data collection and disaggregation of target.
DBSA	FP098	Core/impact level: for mitigation, estimate midterm targets, and revise final targets. Update M&E plan and MoVs, conduct third-party verification. For adaptation, add disaggregation by sex and conduct additional data collection. Outcome level: add MoVs.
DBSA	FP106	Impact level: update MoVs, conduct third-party verifications. Outcome level: Revise indicator definition for M6.2 as per the PMF. Add MoVs and disaggregated targets.
EIF	SAP001	Core level: add MoV to triangulate information. Outcome level: align indicators with the PMF definition.
DOE-ATG	FP061	General capacity-building.
NABARD	FP045	Core level: conduct baseline data collection and add midterm targets. Impact level: provide estimation and reporting methodology to compute food-secure households. Report mitigation PMF indicator as co-benefits.
Profonanpe	FP001	General capacity-building.
International access entities		
AfDB	FP092	Core/impact level: align measurement units of baseline and targets with indicator. Disaggregate by gender, update assumptions. Outcome level: reword indicator, ensure triangulation within MoVs by adding primary data collection and fieldwork in sample population at midterm and project completion verifications. Update assumptions.
AfDB	FP093	Core/impact level: review project's MRV, complete assumptions. Outcome level: document access to low-emission sources at the time of project formulation, disaggregate targets in household apart from individuals, and in rural and urban.
EBRD	FP039	For core, impact and outcome-level mitigation indicators MoV relied on reports from recipient companies. The remedial measures include triangulation with third-party verification (i.e. energy audits).

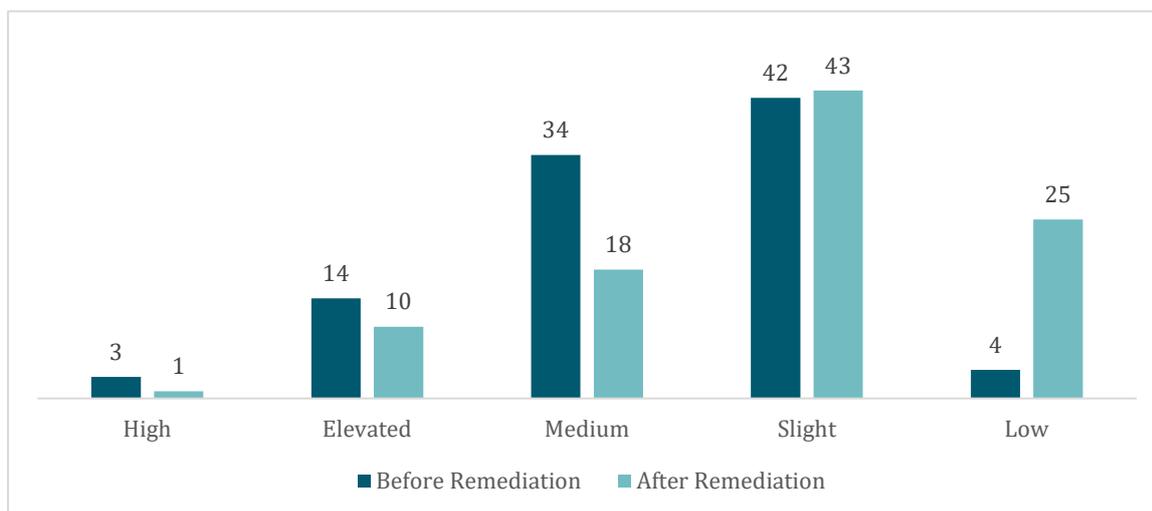
AEs	FPs	High-level summary of remedial measures
EBRD	FP047	For core, impact and outcome-level mitigation indicators MoV relied on reports from recipient companies. The remedial measures include triangulation with third-party verification (i.e. energy audits).
EBRD	FP025	For core and impact mitigation indicators include triangulation with third-party verification and add midterm targets. For core adaptation indicator ensure triangulation within MoVs, add midterm targets. And at the outcome level add more sources for MoVs through primary data collection; add midterm targets.
EBRD	FP043	At core-level adaptation indicators ensure MoV triangulation and add midterm targets. At outcome-level align the wording of the indicator to the RMF/PMF, provide further information on baseline, provide midterm targets, gender disaggregation, align the indicators' metrics and ensure triangulation of MoV complying with the required RMF/PMF methodologies.
EBRD	FP086	At the core mitigation level MoVs require third-party verification and to add midterm targets. For core adaptation indicators align the metric of direct beneficiaries, triangulate MoV, add assumptions, midterm targets and gender disaggregation. At the impact level, remedial measures which include improving baseline, adding midterm targets and further describing the final target and triangulation of MoVs with qualitative data collection. At the outcome level, indicators need to add midterm targets, further substantiate the baseline and provide additional MoV with primary data collection.
FAO	FP089	At core level add additional MoVs. Further disaggregate core indicators. At outcome level revise MoVs and targets. Collect additional qualitative data. Participation in the cross-cutting capacity-building training.
UNDP	FP033	Revise the targets' ex-ante estimates for their core indicator. Provide further breakdown for M5.9 as per definition. Additional MoVs were also necessary to ensure triangulation. Participation in the cross-cutting capacity-building training was also suggested.
UNDP	FP068	Mitigation outcome-level indicator: incorporate qualitative information as well.
UNDP	FP072	Capacity-building.
UNEP	FP011	At core level the adaptation indicators further triangulate MoVs, add baseline information. At impact level update baseline data. At the outcome level align indicators as per RMF/PMF, collect additional data if needed.
WFP	FP049	Core/impact level: clarify baseline and assumptions, revise methodology used for calculation of beneficiaries, improvement of the assumptions. Outcome level: indicator 7.1 to verify updated baseline against GCF methodology requirements; revise targets.
WFP	FP067	Core/impact and outcome levels: review baseline, targets and assumptions based on updated baseline recently performed by the AE.

Abbreviations: Acumen = Acumen Fund, Inc., AE = accredited entity, AfDB = African Development Bank, CSE = Centre de Suivi Ecologique, DBSA = Development Bank of Southern Africa, DOE-ATG = Department of Environment, Ministry of Health and Environment, Government of Antigua and Barbuda, EBRD = European Bank for Reconstruction and Development, EIF = Environmental Investment Funds of Namibia, FAO = Food and Agriculture Organization of the United Nations, FP = funding proposal, M&E = monitoring and evaluation, MoV = means of verification, MRV = monitoring, reporting and verification, NABARD = National Bank for Agriculture and Development, PMF = performance measurement framework, Profananpe = Peruvian Trust Fund for National Parks and Protected Areas, RMF = results management framework, SAP = simplified approval process, UNDP = United Nations Development Programme, UNEP = United Nations Environment Programme, WFP = World Food Programme.

V. Outcome of Phase 1 negotiations

25. Phase 1 negotiations resulted in the identification of measures that, once implemented, will allow improve the risk profile of the targeted funding proposals and decrease the share of those with medium or higher risks from 53 percent to 30 per cent of the reviewed portfolio. The negotiations led to a downgrading of 21 funding proposals (22 per cent) to low risk. Of these 21 funding proposals, 1 (5 per cent) was downgraded from high risk to low risk; 4 (19 per cent) were downgraded from elevated risk to low risk; and 16 (76 per cent) were downgraded from moderate risk to low risk. One funding proposal was downgraded from high risk to slight risk through the AE's own initiative, outside this remediation exercise. The risk rating of 69 funding proposals (71 per cent) remains unchanged. Of these, 18 (26 per cent) are moderate risk, 10 (15 per cent) are elevated risk, and 1 (2 per cent) is high risk. A detailed breakdown of the risk rating before and after the remediation exercise scenarios is provided in annex II of document GCF/B.33/10/Add.01.

Figure 5: Number of project/programmes that have reduced risk rating²



26. The remediation activities fundamentally seek to address the differential between current risk assessment levels and a tolerable level of risk for GCF, where tolerable risk levels are those classified as low and slight. A majority of the funding proposal (34 – 68 per cent) included in the remediation exercise was rated medium risk. Of the remainder, 13 (26 per cent) were rated elevated risk and 3 (6 per cent) high risk.

27. Following the negotiations with the AEs, a new risk rating was calculated based on the level of acceptance of the remedial measures. If the AEs accepted all suggested remedial measures, the risk rating is downgraded to 1 (low). If the AEs accepted the remedial measures partially, the risk rating was reduced to 2 (slight) or 3 (moderate) depending on the importance of the measures accepted/rejected. If the AE chose not to participate in the exercise, then the original risk rating from the earlier analysis of the Secretariat was not changed, unless they demonstrated during the negotiations that they have enforced improvements on their logical framework already. Where this was the case, the risk rating was reduced even if the AE chose not to participate moving forward (e.g., IFAD).

² The figure contains data for 97 project/programmes, because the Board approval for FP038, FP065 and FP104 has lapsed, and these projects are currently not part of the GCF portfolio.

VI. Phase 2 implementation

28. Phase 2 is critical both for executing the needed remediation of projects in the existing portfolio and for concurrently strengthening M&E capacities for participating AEs. The negotiations identified the potential arrangements for the implementation of remediation measures and strengthening M&E capacities under Phase 2. All AEs moving to the next phase apart from one entity (i.e., DBSA) expressed a preference to implement the measures by themselves, which includes in most cases the commissioning and management of a vendor for logical framework improvements, additional data collection, or other purposes. The main reason provided for this preference is that the AEs have a grasp of the project operating context and needs, and they will be able to select and manage best the most suitable vendor. The sole AE that preferred to enforce the measures through the Secretariat deemed that this would be the most efficient channel for them considering specific requirements of their procurement office.

29. Given this finding, the implementation of the remedial measures by 13 AEs will entail a two-track process. Completion of the implementation process is the first output under Phase 2.

(a) **Track 1:** Accredited entities directly receive the budget and implement as well as manage the entire remediation exercise from procurement and supervision of vendors through to the completion of the logical framework improvements.

(b) **Track 2:** Accredited entities do not access the budget directly and implement the remediation measures through the Secretariat which will procure the vendors for the AEs, but the latter will supervise the vendors and manage the entire remediation exercise. This is applicable only to AEs that specifically requested this in Phase 1, as further expansion of this track will have resource implications for the Secretariat.

30. The Secretariat will provide oversight in both tracks. Clear and simple reporting requirements for the AEs will be put in place within existing templates and frequencies to demonstrate progress and results from the exercise and for budget monitoring purposes.

31. Capacity-building activities as requested by the AEs will be delivered concurrently with Phase 2 activities. It is proposed that the Secretariat leads the delivery of the capacity-building activities using two complementary modalities:

(a) **Modality 1: In-person M&E capacity-building activities.** The Secretariat will deliver training on prioritized M&E-related knowledge gaps to 13 participating AEs under Phase 2. The in-person format will encourage more active participation of AEs than training that is delivered remotely. The training will also be offered to executing entities (EEs) when recommended by AEs. The training will be delivered in-person either in country-specific sessions or regional events, whichever is more cost-effective, and will be designed in a way that does not overlap with the scope of the new funding window for IRMF as established in Board decision B.29/01 and any other existing capacity building programmes.

(b) **Modality 2: M&E help desk, including training modules development and organizational support from a vendor.** To complement the classroom-style training under the first modality, the Secretariat will establish an M&E help desk for participating AEs that will run for a period of six months. The help desk will assist the AEs to address practical M&E-related questions that might arise directly from implementing the remedial measures and/or as the M&E of the relevant projects progress. The help desk will go beyond the usual M&E tasks of the Secretariat as it will provide focused and dedicated support to AEs in the remediation process. The Secretariat proposes to retain a vendor to provide support in the development of M&E training modules tailored to respond to identified common M&E capacity gaps in relation to GCF-specific M&E requirements, and the design and management of the M&E help desk. The help desk will be set up as an online facility.

VII. Lessons learned

32. **It is important to address/resolve any identified weaknesses in the logical frameworks during project design/ development stage to avoid any M&E gaps remediation exercise in the future.** In Phase 1 of the remediation exercise, the Secretariat assessed the willingness of AEs to undertake project-specific remediation measures on logical frameworks that were rated moderate, elevated or high risk. This undertaking presented numerous challenges. AEs are in the process of implementing and managing the impacts of the pandemic on projects. Reopening discussions on the M&E framework retrospectively meant having to re-direct time and other resources to reopen M&E design discussions and implement remediation measures. Further, the projects are dynamic and operate in often fast-moving contexts, and in some cases, AEs require different measures altogether to respond to new sets of challenges.
33. **The success of any remediation exercise requires critical buy-in from the AEs but may not address all critical issues.** The flexibility afforded by a voluntary arrangement that centres on AEs' willingness to implement remedial measures worked well in encouraging engagement. However, besides buy-in, other factors impact the success of the willingness or usefulness of remediation, for example, time lapse since approval for projects approaching closure or those undergoing interim evaluations which also affords an opportunity to identify gaps and other measures that need adaptive management.
34. **It is paramount to have coherent guidance for indicators in order to avoid the repetition of similar remediation activities in the future.** Phase 1 demonstrated the need to build common understanding of results management, as also reflected in GCF approval of the IRMF and the accompanying Results Handbook (under consultation). The IRMF and the accompanying guidance are expected to assist the Secretariat and the AEs in having a consistent understanding of and providing advice on GCF indicators and methodologies, and consequently in developing better logical frameworks.

Annex I: Draft decision of the Board

The Board, having considered document GCF/B.33/10 titled “Updates on addressing gaps in the current portfolio for measurement” and its limited distribution addenda Add.01 and Add.02 titled “Phase 2 Workplan and budget”:

- (a) Takes note of the information presented in the document;
 - (b) Reiterates the commitment of GCF as a learning organization to iteratively improve the integration of sufficient monitoring and evaluation budget and activities for the gathering of evidence in funding proposals and funded activities to ensure credibility of the portfolio and the project/programme results reported;
 - (c) Notes that through a voluntary arrangement, 13 accredited entities agreed to proceed to Phase 2 to implement remedial measures for 21 funded activities;
 - (d) Approves the Secretariat proposal to offer two tracks to the participating accredited entities for Phase 2 of the remediation activities:
 - (i) **Track 1:** Accredited entities directly receive the budget and implement the remediation measures. Under this track, accredited entities will manage the entire remediation exercise, from procurement and supervision of service providers through to the completion of the logical framework improvements; and
 - (ii) **Track 2:** Accredited entities do not access the budget directly and implement the remediation measures through the Secretariat. Under this track, the Secretariat procures service providers for the accredited entities, but the latter will supervise the service providers and manage the entire remediation exercise;
 - (e) Also approves the proposal for the Secretariat to deliver the capacity-building activities requested by the accredited entities using two complementary modalities:
 - (i) **Modality 1:** In-person workshop. The Secretariat will deliver training on prioritized monitoring and evaluation-related knowledge gaps. The training will also be offered to executing entities and could be delivered either in country-specific sessions or regional events, whichever is more cost-effective; and
 - (ii) **Modality 2:** Monitoring and evaluation help desk. To complement the classroom-style training under the first modality, the Secretariat will establish a monitoring and evaluation help desk that will run for six months after the delivery of workshops;
 - (f) Further approves that the Secretariat retain a vendor to provide support in the development of monitoring and evaluation training modules tailored to the monitoring and evaluation-specific requirements of GCF, and the design and management of the monitoring and evaluation help desk; and
 - (g) Approves the budget of USD 1,832,398 for the remediation activities and capacity-building.
 - (h) Requests the Secretariat to update the Board on the changes in the risk rating of the portfolio for measurement at the end of the implementation of remediation activities in Phase 2.
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