



**GREEN  
CLIMATE  
FUND**

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# Management response to the Independent Evaluation of Relevance and Effectiveness of the GCF's investments in the Latin American and Caribbean (LAC) States

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## **Summary**

This document presents the Secretariat management response to *the Independent Evaluation of Relevance and Effectiveness of the GCF's investments in the Latin American and Caribbean (LAC) States* undertaken by the Independent Evaluation Unit (IEU).

## I. Introduction

1. The Secretariat welcomes the *Independent Evaluation of Relevance and Effectiveness of the GCF's investments in the Latin American and Caribbean (LAC) States*.
2. The Secretariat congratulates the Independent Evaluation Unit (IEU) on this evaluation and thanks them for their diligence and professionalism in producing this timely report. The IEU encouraged feedback and dialogue from the Secretariat throughout the process, presenting webinars on methods, findings and recommendations. The Secretariat provided comments at key points in the evaluation process, and many Secretariat staff provided interviews that contributed to the findings and recommendations of this report. In accordance with the Evaluation Policy for the GCF, the Secretariat will incorporate these evaluation findings and recommendations into its decision-making, management, operations, strategies, budgets and practices.
3. This management response report is divided into two parts. This introduction provides the Secretariat's general response to the overall findings and recommendations of the evaluation. The second section will elaborate the response to each specific recommendation.

### General Response to findings and recommendations

4. The Secretariat recognises stakeholders' concerns regarding access and efficiency that were captured in this evaluation and is actively taking steps to address them. The proposed revisions to the accreditation framework seek to enhance access by refocusing accreditation on risk identification, management and mitigation to meet the GCF accreditation standards. Additionally, the Secretariat has launched an internal initiative called "Efficient GCF" to streamline project review and approval processes, transforming how our partners do business with us.
5. As recommended by this evaluation, the Secretariat recognises the importance of adapting to become more fit for purpose for the region. The Secretariat has transitioned to a new organisational structure designed to fulfil the promise, potential, and ambition of GCF in the LAC region. Drawing on a decade of programming lessons, the Secretariat has adopted a regional model of support and delivery that fully integrates operations aimed at supporting ambitious country programmes and investments, accelerating implementation, and enhancing impact.
6. While this recommendation specifically addresses the Latin America portfolio, we acknowledge that the need for GCF support in strengthening policy frameworks, enabling environments, and institutional capacity is relevant across multiple regions. The Secretariat will explore how these actions can be tailored to the unique circumstances of other countries beyond Latin America region, ensuring that GCF interventions remain responsive, country-specific and contextually appropriate.
7. The Secretariat also notes the stakeholder concerns regarding multi-country programmes described in the report and seeks to improve the relevance of its programming in the LAC region by aligning more closely with country priorities. As noted in the Secretariat's proposed work programme for 2025-2027, the Secretariat is working to place the focus firmly back onto strategic GCF-developing country programming partnerships as the 'centre of gravity' for GCF pipeline development. The Secretariat will work closely with countries in the region to identify their climate investment priorities and is transitioning the Readiness programme to a model that is more responsive to the needs of countries. While multi-country programmes remain necessary in some cases to address climate issues that cross national boundaries, such as projects in the Amazon basin, the Secretariat will work with AEs to ensure these programmes are aligned with country priorities to ensure the broadest possible impact. However, the

Secretariat recognises that it may not be possible to have ex ante visibility of potential investments in some multi-country programmes, particularly in the private sector. In 2025, the Board will have an opportunity to address some of the issues regarding multi-country programmes through forthcoming policy proposals on programmatic approaches and updates to country ownership guidelines.

8. The Secretariat agrees with four recommendations and partially agrees with one recommendation presented in the evaluation report. The detailed response for each recommendation is presented in the next section.

| Recom-<br>mendation<br>#   | Recommendation   | Response  |
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| <b>RECOMMENDATION 1. GCF should clarify its own approach to the region and its ability to meet the value proposition that countries see for it.</b>  |  |   |
| 1  | <p>GCF has inherent flexibility and offers a possible breadth of programming that makes it a valuable partner for countries in the region. Moving forward, GCF should clarify its approach to investments and programming in as diverse a region as LAC. GCF should clarify how it intends to leverage the value proposition that countries in the region see for it and the enabling factors that exist there. While IEU recognises that GCF doesn't provide regional strategies yet, a clear internal articulation of the approach to fulfilling the value proposition will help GCF tailor its offerings for the countries.</p> | <p><b>Agree.</b></p> <p>Historically, GCF's engagement in the region has been largely reactive and driven by a pipeline dominated by international accredited entities, rather than through a more deliberate and strategic approach tailored to the specific needs of each country. This has occasionally led to an imbalance in investments, where certain countries have a dense portfolio of projects under implementation, while others with critical climate needs have fewer or no projects in the pipeline. To address this, the former LAC and Caribbean regional desks actively worked to rebalance GCF's investments. This involved steering attention toward underrepresented countries, particularly those with smaller portfolios or no active projects, in an effort to ensure a more equitable distribution of GCF resources across the region. These efforts, though meaningful, were constrained by the overall structure and reactive nature of GCF's programming framework.</p> <p>However, the recent restructuring of the Secretariat and the establishment of dedicated regional departments mark a significant step forward in addressing these issues, enabling a more focused and strategic approach to GCF investments in each region, including LAC. This increased capacity will empower GCF to move from a reactive, pipeline-driven approach to one that is proactive and tailored to the specific contexts and needs of each country. By developing tailored strategies for each country, the GCF will be better equipped to leverage the value propositions that countries see in the Fund, as well as the enabling conditions that already exist in the region. This more localized, context-sensitive approach will also strengthen partnerships with both national and regional actors, ensuring that GCF investments align with broader regional climate goals and priorities.</p> |
| <b>RECOMMENDATION 2. GCF needs to calibrate access to the region in a manner that recognises and leverages capacity that already exists while also further enhancing ownership of countries.</b> |  |   |
| 2  | <p>GCF should adapt its processes and offerings to become fit for purpose for the region. Overall, GCF should take a less compliance-oriented approach to enable greater access for countries in the region.</p> <ul style="list-style-type: none"> <li>In looking at accreditation for the region, GCF should consider differentiated indicators of capacities and track record which</li> </ul>  | <p><b>Partially Agree.</b></p> <p>The proposed revised accreditation framework and measures under the Efficient GCF Initiative directly address this recommendation. There is a pressing need to streamline both the accreditation process and the review and approval of concept notes and funding proposals. Simplifying these processes will improve access to the GCF and help overcome</p>   |

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|   | <p>recognise existing programming ability and experience of institutions in the region.</p> <ul style="list-style-type: none"> <li>• GCF should actively consider countries in the region for providing modalities of direct access beyond institutional accreditation.</li> <li>• In the funding proposal approval process, especially for single-country projects, GCF should take steps to bring down the transaction costs for entities, especially for GCF's direct access partners.</li> <li>• In multi-country projects, GCF should devise channels of communication or encourage AEs to do so, during design and implementation to ensure a certain degree of predictability and visibility for NDAs in countries where such projects are expected to be operational.</li> </ul> | <p>the barriers that Direct Access Entities in particular face. Key actions include setting strict timelines and limiting the number of review iterations, introducing new templates with word limits, and maintaining consistent project teams throughout the project cycle, following recent organizational restructuring. The restructuring of the Secretariat into regional teams will enable further engagement in the regions and teams to identify prospective partners in countries, particularly those without direct access and where there is need to strengthen this type of access.</p> <p>The proposed revised accreditation framework is expected to refocus accreditation as a screening for prospective partners through which to channel GCF finance and/or implement projects and programmes. The framework is also expected to link the results of the screening process for potential direct access entities with the planning of readiness resources so that gaps can be addressed and capacities strengthened.</p> <p>Regarding multi-country programmes, the Secretariat generally understands the desire for predictability and takes seriously the issue of country ownership. The Secretariat is taking active measures to refocus pipeline development on country priorities to ensure country ownership in single-country and multi-country programmes, and it may be possible to increase visibility of investments in multi-country public sector programmes. However, due to the structure of some multi-country programmes, particularly private sector proposals such as facilities or investment funds, it may not be feasible to provide detailed visibility on anticipated investments in individual countries. Additionally, imposing floors and thresholds on these operations could reduce their appeal and hinder the ability to attract investments at the scale needed.</p> |
| <p><b>RECOMMENDATION 3. GCF support for policy and enabling environment and institutional capacity should be country focused.</b></p> |  |  |
| <p>3</p>  | <p>GCF needs to take a country-specific view to understand the institutional capacity gaps and need for policy and enabling environment support. Such a country-specific view needs to build on work carried out so far, through the RPSP, in individual countries to fully leverage the impact potential. GCF should consider supporting national and regional platforms consisting of different stakeholders which can support coordination efforts at the national level for the mobilization of climate finance and climate programming, and ensure coherence and complementarity between different sources of climate financing while also ensuring country ownership.</p>  | <p><b>Agree.</b></p> <p>The country-specific approach is fully aligned with the operational modalities of the new 2024-2027 Readiness Strategy which was officially launched on 24 September 2024. These modalities emphasise a sharp focus on 'putting countries in charge'. The GCF will support countries in assessing institutional capacity gaps and identifying the need for policy and enabling environment support, specifically to achieve the first of the three objectives of the new strategy – Capacity Building for Climate Finance Coordination and Enabling Environment. This will be accomplished through the co-development of strategic, four-year planning and the facilitation of country-driven requests for support. Additionally, supporting national and regional platforms for stakeholder coordination, climate finance mobilization, and ensuring complementarity among different funding</p>  |

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|  |  | sources, while maintaining country ownership, remains a key priority of the updated strategy.  |
| <b>RECOMMENDATION 4. GCF should actively source and partner with national financial intermediaries as well as other national and regional partners in the region for private-sector programming.</b> |  |  |
| 4  | GCF should proactively seek partnerships with national financial intermediaries and other institutions in the region which could serve as a gateway to engaging with the local private sector, especially MSMEs in the countries. GCF's institutional accreditation as well as project approval process may pose a hindrance to such engagement and, hence, such an endeavor should be undertaken considering recommendation 2 on providing fit-for-purpose access for the region. | <p><b>Agree.</b></p> <p>MSMEs play a crucial role in driving economic growth, fostering innovation, and promoting social inclusion across the LAC region. They also face significant barriers to accessing climate finance, which limits their potential to contribute to the region's climate resilience and low-carbon transition. Ensuring that MSMEs can participate in climate action is not only essential for economic stability but also for achieving long-term environmental sustainability in the LAC region.</p> <p>The GCF Strategic Plan 2024-2027 sets the objective of increasing allocation through the private sector facility to promote and catalyze green financing. The cornerstone of this engagement will be benefiting MSMEs by working with domestic and regional financial institutions (public and commercial) and providing access to finance to scale up the adoption of climate investments with a successful track record.</p> <p>The Secretariat recognizes that the private sector operates at a significantly faster pace than public sector. In this regard GCF's current institutional accreditation and project approval processes pose challenges for the swift engagement of private-sector actors. These processes need to be adapted to better accommodate the speed at which private sector actors have access to GCF. This also includes, building capacity for climate investment and managing climate risk to build investable pipelines with private-sector partners</p> <p>As set in the Private Sector Strategy, GCF requires a subset of private sector AEs, particularly DAEs, to bring forward for Board consideration large-sized funding proposals in adaptation, using financial instruments with a high catalytic impact.</p> <p>In this light, the objectives and expected outcomes of the revised accreditation framework and efficient GCF mentioned under recommendation 2 will be of significant importance for effectively engaging with the LAC private sector by leveraging improvements in the institutional accreditation process.</p> |

**RECOMMENDATION 5. GCF's Latin America and Caribbean division and any potential future regional presence should fulfill specific responsibilities to realise the value proposition of the GCF in the region.**

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| <p>5</p> | <ul style="list-style-type: none"> <li>• <b>Origination with the countries.</b> The LAC division should actively source entities for partnerships in the region and ensure expeditious access to GCF. This may include a proactive role and support in the accreditation process and the funding proposal approval process. In doing so the LAC division may have to serve the function of reconciling GCF's own requirements with the contextual realities of the region.</li> <li>• <b>Interface with stakeholders.</b> The LAC division should promote active awareness raising and relevant information sharing with stakeholders in the region. In fulfilling such a function, the division should serve as an interlocutor for NDAs, AEs, CSOs and private sector in the region and provide an interface with GCF in the lingua franca of the region.</li> <li>• <b>Support during implementation.</b> The LAC division should provide country and project-specific and responsive adaptive management services and implementation support for resolving barriers to effective implementation and achievement of results.</li> <li>• <b>Regional presence.</b> Any future regional presence in LAC should be attuned to and resourced for fulfilling the above-outlined responsibilities, viz. origination with country partners, interface with stakeholders, and support during implementation, in a responsive manner.</li> </ul> | <p><b>Agree.</b></p> <p>The GCF has transitioned to a new organizational structure based on a regional model of support and delivery that fully integrates operations to provide consistent engagement with country partners. The integrated approach will look at the complete project cycle, from origination through ambitious country programmes and investments, readiness planning and deployment as well as accelerating implementation, and enhancing impact.</p> <p>On regional presence, without presupposing any decision that may be taken by the Board, the GCF Secretariat acknowledges the value of having a future regional presence in LAC and agrees that such an office must be properly resourced to fulfill its outlined responsibilities effectively.</p> |
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