

## Wow, that is a Large Grant! Best Practices for the Application Approval Processes for International Climate Funds

*Julia Larkin, IDEAS for Energy, Oakland, USA*

### ABSTRACT

The increasing size and prevalence of international multi-donor climate funds targeting developing countries represents an important step forward in global efforts to address climate change. Increasingly, the focus is shifting from single projects, such as a wind farm to complex initiatives to transform an entire sector (e.g. housing, transportation, industry, agriculture). While projects ranging from a few to US\$50 million are common, the Green Climate Fund, for example, receives requests for hundreds of millions in one application.

In addition to the vast diversity of submissions, the level and quality of documentation varies widely, creating challenges for assessing the technical or financial viability, much less its ability to deliver the promised transformational change. Funds must also manage perceptions regarding approval processes, which are often viewed as political. A variety of review processes have been tested, yet no clear preferred strategy has emerged so far.

This paper highlights lessons learned and ‘good/best’ practices regarding the proposal review processes and provides recommendations relevant for a variety of fund types. Lessons address, inter alia, staff competencies needed, criteria used, consideration of the local context, as well as depth and timing of review(s).

The findings are based upon direct author experience with portfolio-level evaluations of climate funds such as the Green Climate Fund (GCF) and NAMA Facility, supplemented by a review of the practices and evaluations of other large international climate funds, e.g. Global Environment Facility (GEF), Climate Investment Funds (CIF), the Forest Carbon Partnership Facility (FCPF) and the Adaptation Fund (AF).

### Introduction

The global landscape for climate change finance has evolved significantly since the Global Environment Facility (GEF) became the first operating entity of the Financial Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) in 1996. Many new climate finance facilities have become active, and new multilateral institutions such as the Climate Investment Funds (CIF) and Green Climate Fund (GCF) have been established with pledged amounts that far exceed those of the GEF (Uitto, Batra, and Negi 2017).<sup>1</sup>

The increasing size and prevalence of international multi-donor climate funds represents an important step forward in the global efforts to address climate change. Simultaneously, the focus is

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<sup>1</sup> The concept for this paper grew out of a narrower review of funds conducted on behalf of the Green Climate Fund for the Review of the Structure and Effectiveness of the Independent Technical Advisory Panel (SQ Consult, 2017).

increasing on how to use limited resources in the most effective way to stimulate other sources of finance (e.g. private) and catalyze transformational change. The need to address barriers to scaling up climate investment remains significant and substantially more than what is currently provided will be necessary (Uitto, Batra, and Negi 2017).

More investments are targeting developing countries with more nascent capacities, and increasingly these funds are shifting from funding single projects, e.g. a grid-connected solar farm to piloting concepts and complex initiatives to transform an entire sector (e.g. housing, transportation, industry, agriculture). These initiatives frequently involve a combination of institutional and private sector capacity building, policy, legislative and regulatory changes, temporary subsidies, and/or demonstration sites or local pilot programmes, as appropriate for the local context.

As the scope increases, the amount of funding requested per application is also increasing. While projects ranging from US\$100,000 to US\$50 million are relatively common place, the relatively new Green Climate Fund, for example, receives applications for projects and programs requesting hundreds of millions at a time. As the use of staged funding is mixed, large amounts can be awarded based only upon desk review of early stage information.

In addition to a wide diversity of proposal submissions, the level and quality of documentation can vary widely; all of which can create tremendous challenges for reviewers assessing the technical or financial viability of proposals, much less its ability to deliver the promised lasting transformational change. Funds must also manage perceptions regarding approval processes, which are often viewed as political.

International climate funds are continuing to build their internal structures, capacities, and review protocols while continuously adapting to this rapidly growing and evolving climate finance landscape. It is not necessarily possible to predict the direction of future proposals and the different funding strategies that will be used over time.

This paper highlights lessons learned and ‘good/best’ practices regarding the proposal review process and provides recommendations targeted for a variety of fund types. For example, this review found that applicants prefer early feedback as well as substantial guidance and examples. Approval criteria need to be transparent, clearly defined and consistently applied. A thorough approval process is time intensive, needs to be grounded in the local context, requires specialized skillsets, and sometimes includes in-country visits. It also indicates that shifting to a different model must be carefully considered as it will not automatically improve the process – or perceptions of it – or increase cost-efficiency.

## Methodology

The author reviewed the technical proposal review functions as well as recent evaluations of the following climate funds: Green Climate Fund (GCF), Global Environment Facility (GEF), Adaptation Fund, Climate Investment Funds (CIF), Forest Carbon Partnership Facility (FCPF), and NAMA Facility (NF). Publicly available information, such as is available on the websites, was supplemented by review of the evaluations conducted for these funds, as well as the author’s personal knowledge of these and other funds <sup>2,3</sup>.

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<sup>2</sup> The author led the evaluation referenced for the Green Climate Fund and was on the core team of the recent NAMA Facility mid-term evaluation. The lessons learned also include minor inputs from the author’s experience participating in several other climate fund evaluations not highlighted in this summary, such as the UK’s Climate Public Private Partnership, Carbon Market Finance Programme and Renewable Energy Performance Platforms; the Global Green Growth Institute’s Thailand Country Program; and the World Bank’s Partnership for Market Readiness as well as a variety of research and evaluation activities addressing the UNFCCC’s Clean Development Mechanism.

<sup>3</sup> As it was not possible to collect primary data (e.g. interviews with fund representatives), some points of potential comparison were missing, in which case only the available information fed into the findings. Also, in the interest of

These selected examples represent a significant cross-section of international multi-donor climate funds addressing mitigation and/or adaptation that have moved beyond funding only individual projects and are targeting broader country-level or regional public and private sector initiatives seeking transformational change in the sectors they address. Single donor and project level-only initiatives have somewhat different proposal review processes and were not considered here. In addition, only funds with evaluations and sufficient information for which to conduct a review have been included.

## **Framework for the review of funds**

There are numerous factors involved in designing a review process for international multi-donor climate funds, ranging from practical to quite political. The overall framework for the review addressing proposal review themes common across funds follows:

### **Which criteria will be used when conducting the review?**

This relates to how the fund will operationalize its goals, targets and priorities into selection criteria. Some funds use quite standardized criteria with specific benchmarks while others, intentionally or unintentionally, have rather vague parameters that allow a high degree of flexibility, which is often seen as valuable to promote innovation for example. However, less standardized the criteria are, can increase the inconsistency of reviews, which can lead to perceptions of bias.

Related to this is the degree of guidance provided for applicants, such as submission templates, examples, instructions, Frequently Asked Questions (FAQs), as well as the opportunity for more informal feedback and direct questions related to a specific submission.

### **When will it be reviewed?**

Funds differ on how they handle the timing and frequency of review; some funds review proposals at multiple stages, such as at the concept note or other interim stage(s) and then full proposal stage, while others focus only on the full proposal stage.

### **Who will be responsible for reviews?**

*Independent or Embedded?* Significant technical expertise, local country expertise, and other specialized knowledge is required to conduct detailed technical assessments, beyond compliance issues. Given the need to have a credible as well as effective review process, many funds use independent teams with complementary skillsets, while others seek to ensure the appropriate staff are embedded in the funds secretariat. In either case, ad hoc specialists are often used for less frequent needs. The review teams typically provide their recommendations to the Board who would then make the final decision.

*Coordinated or Separate?* A related issue is how to handle multiple technical reviews when necessary, either by different groups, or at different stages. When a Secretariat and an independent group review, a decision needs to be made whether the feedback will be integrated or provided separately, also whether one group will formally consider the other's review or avoid reading it. For example, some make a point of having different reviewers at different stages while others seek to ensure the same reviewer(s) who already have familiarity with the concept are used.

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space, only high-level details have been included. For example, detailed information on the review criteria and project cycles for each fund were not feasible to include here.

*Review only or provide other functions?* If independent experts or a team is used, funds differ in how integrated they are with other functions, e.g. by also providing inputs into strategy, planning and/or technical assistance.

*What expertise is needed?* The size and composition of review teams in terms of e.g. geographic, sectoral, technical, financial and other specialized expertise, e.g. inclusivity and gender, safeguards, and economic viability, varies widely. The reviewer team would need to have sufficient understanding of the total context, including locally-specific factors to address all review criteria effectively. This relates to the degree to which ad hoc consultants are used to supplement core team expertise discussed above.

### **What will be reviewed?**

There appears to be somewhat of an art to reviewing submissions and determining what to focus on at which level of detail, which is also related to the how.

First are the practicalities of whether additional supporting documentation or annexes to the main proposal or completed form will be reviewed and whether a clarification step is allowed. Also, whether submissions of the entire proposal or only supporting documentation will be allowed in a local language.

Next are what the review will prioritize and in what they will allow more leeway or variation. Key themes include (A) completeness – the degree to which the submission addresses all of the expected points with sufficient clarity; (B) relevance – the degree to which the submission is consistent with the priorities of the fund, e.g. how transformational are the proposals, which funding strategy are they seeking, etc., and (C) Depth/technical grounding – the degree to which the submission includes sound technical analysis and context-specific data in support of the viability of the claims made as well as the appropriateness of the proposed funding package.

### **How will the review be conducted?**

There is also the issue of how the review will be conducted. Perhaps most significant here is the depth of review, this includes the time allotted as well as expectations on the extent of review, particularly of supporting documentation. This also includes the degree of validation or verification, which ranging from reviewing submitted documentation only to multi-week on-site visits. Also related is the degree to which clarifications are sought and/or support is provided to help refine submissions and whether specialists are sought to review if needed, as mentioned elsewhere.

Next is the format of the feedback itself, including level of detail provided to explain the recommendation to fund or not, whether a score or other standardization mechanism is used, and what range of outcomes is possible.

The degree to which consistency checks across reviews and related quality assurance processes for reviews also varies.

### **Summary of Funds Reviewed**

To help provide context, a summary of each of the funds reviewed is provided below, though quite brief due to space limitations. In the first few cases, e.g. for the GEF and GCF, more detail is provided to help illustrate the general proposal review issues faced by all funds.<sup>4</sup>

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<sup>4</sup> The short summaries of the funds are as consistent as feasible given that the sources were inconsistent in the breadth and depth of coverage of the technical proposal review functions. Also, the operational processes differ between and are not always directly comparable.

## Global Environment Facility

Initiated in 1996, the GEF is the oldest operating entity of the financial mechanism for the UNFCCC. The GEF supports developing countries and economies in transition to make transformational shifts towards low emission development by investing in a broad range of mitigation and adaptation projects, e.g. addressing efficiency, renewable energy, sustainable transport and climate-smart agriculture through multiple funding channels.<sup>5</sup>

Through December 2016, GEF had approved US\$ 4.61 billion for 1287 projects from its Climate change mitigation focal area funds, which accounts for 30% of the cumulative funding provided by the GEF. Approximately 15% of these 1287 projects also addressed other issues beyond mitigation. Asia (36%) has the largest share of GEF funding, with other regions representing less than 20% each (Uitto, Batra, and Negi 2017). The average project size for the GEF-5 and GEF-6 replenishment cycles, for example, has been US\$6.7 million (Amerasinghe 2017).

A recently completed comprehensive evaluation covering GEF investments of US\$4.6 billion in more than 1,000 climate mitigation projects found that “projects with a high level of progress toward impact were those that had adopted comprehensive approaches to address market barriers and specifically targeted supportive policy frameworks, and that GEF has contributed to climate change mitigation primarily by speeding up the process of broader adoption and in generating transformational change.” (Uitto, Batra, and Negi 2017).

The technical review of GEF proposals are handled by the seven-member independent Scientific and Technical Advisory Panel (STAP), which has a wide ranging technical role that includes and screening concept notes and full proposals in addition to a variety of other technical and advisory functions. The core STAP members maintain a large roster of experts that are brought in as needed for specific assignments.

The average time in FY2014–16 between Project Identification Form (PIF) approval by the GEF council until CEO endorsement was 22 months for full-size projects and 18 months for medium-size projects (Amerasinghe 2017).

A key finding from a GEF evaluation relating to use of the STAP for proposal review is that “systematic evidence on STAP contributions through project reviews to ensuring scientific soundness and technical quality is lacking” recommending that the STAP move “towards a more strategic level of engagement” (GEF IEO 2013).

## Green Climate Fund

Established in December 2010 as an operating entity of the financial mechanism of the UNFCCC, the GCF is expected to make a significant contribution to delivering the global objective of providing US\$100 billion in climate finance per year from public and private sources by 2020. The GCF has a (institutional) readiness component as well as the project implementation component discussed here.

As of February 2018, the GCF portfolio consists of 53 approved projects and programmes with a total committed funding of USD 2.6 billion. The average project size is approximately US\$ 49 million. The global portfolio is evenly split between public and private sector projects, with 40% addressing mitigation, 31% adaptation, and 29% cross-cutting (GCF 2018). A wide range of results areas are allowed, by far the most common to date is energy access and generation, followed by livelihoods, forestry and land use in the top three. (GCF 2018)

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<sup>5</sup> The GEF also administers the Least Developed Countries Fund (LDCF), providing support for climate change adaptation in least developed countries (LDCs) and the Special Climate Change Fund (SCCF), which has a broad scope covering climate change adaptation and mitigation. The GEF also funds projects in other environmental areas, such as biodiversity conservations, land degradation, international waters, and sound chemicals and waste management.

The GCF uses six criteria: impact potential, paradigm shift potential, sustainable development potential, needs of the recipient, country ownership and efficiency and effectiveness. Once a funding proposal is received, the Secretariat performs a completeness check and assesses compliance with environmental and social safeguards; gender, financial, legal, and results monitoring and reporting policies; as well as assessing the project risks and expected performance against the six investment criteria contained in the investment framework.<sup>6</sup> The Secretariat also works with the Accredited Entities (AEs) as necessary to address any gaps.

In addition, the GCF has established a six-member independent Technical Advisory Panel (ITAP). The ITAP performs desk reviews of all final proposals from a technical perspective addressing the six investment criteria once the senior management at the Secretariat have determined it is ready to be presented to the Board. Each review has one ITAP member assigned as primary and one assigned as secondary. However, all proposals are read by all ITAP members and the draft findings are discussed within the ITAP and then with the Secretariat as well as the AE before being finalized. Both the Secretariat's and the ITAPs assessments are then provided to the GCF Board. Currently, concept notes are only reviewed by the Secretariat (SQ Consult 2017).

Key findings relating to the GCF's proposal review process, from the author's recent evaluation focusing on the role of the ITAP include (SQ Consult 2017):

- The proposals received by the GCF overall are not yet as transformational, as deeply linked to climate change, or demonstrating the long-term sustainability potential originally assumed when processes were designed, yet there is substantial pressure to approve existing proposals.
- Most stakeholders reported the role and independence of the ITAP is critical for GCF's international credibility.<sup>7</sup> The ITAP's freedom and ability to highlight issues leading to increased transparency is the most critical and hardest to replace, e.g. through increased staffing of the Secretariat- as it would lose its perception of technical independence.
- The ITAP's reviews provide a valuable function beyond the Secretariat's reviews, which are seen as more administrative and compliance focused, but TAP's feedback is coming too late in the process to be of optimal effectiveness.
- The assessments would benefit from a more consistent application of the criteria, including stronger consideration of the local context, as well as from a more user-friendly format for the ITAP's assessments of the proposals.
- The ITAP's six members are insufficient to effectively reflect the breadth and depth of skillsets and experience needed for the diversity of proposals. The ability to supplement review with use of ad-hoc specialists, is planned but is not yet fully operationalized.
- Some stakeholders wish the ITAP's function would expand beyond only proposal review to be more similar to the GEF's STAP, such as by providing inputs to support strategic decision-making as well.

### **Forest Carbon Partnership Facility**

The World Bank's FCPF supports developing countries in moving towards results-based payments for reducing emissions from deforestation and forest degradation, forest carbon stock conservation, the

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<sup>6</sup> The Investment Framework addresses: impact potential, paradigm shift potential, sustainable development potential, responsiveness to recipient's needs, and promoting country ownership.

<sup>7</sup> The evaluation included over 100 interviews or surveys with all major stakeholder groups: the ITAP, Secretariat, Board, Investment Committee, Accredited Entities, National Designated Authorities and Active Observers.

sustainable management of forests, and the enhancement of forest carbon stocks in developing countries (activities commonly referred to as (REDD+).

The FCPF has two complementary multi-donor funding mechanisms — the Readiness Fund (US\$ 370 million) and the Carbon Fund (US\$ 740 million). The Carbon Fund will provide payments for verified emission reductions from REDD+ programs in countries that have made considerable progress towards REDD+ readiness. As of February 2018, 44 countries have signed Readiness Fund grants and 19 countries are in the Carbon Fund pipeline (FCPF 2018).

The Technical Assistance Panel (FCPF TAP) members for each review team are chosen from a roster of dozens of country-specific technical and policy experts. The FCPF TAP R-PP Review Teams consist of 5 to 8 experts with the appropriate cross-disciplinary (e.g. forest policy specialists as well as MRV/reference level specialists) as well as 2-3 in-country experts, including an indigenous peoples' expert, selected from the FCPF Roster of Experts. There are usually two lead reviewers (Northern and Southern), ideally with prior FCPF TAP R-PP review experience, to ensure consistency. Submissions are up to 100 pages. The feedback from the entire 7-11-member review team is synthesized into a single document, shared with the country via a conference call. The final version is then posed on the website and shared with the Participants Committee for approval.

The teams review early Readiness Plan Idea Notes (R-PIN) as well as all Readiness Preparation Proposal (R-PP) submissions submitted to the FCPF's Readiness Fund that request up to US\$ 3.6 million. The multi-month FCPF review process allows for multiple rounds of FCPF TAP review of updated versions of the same concept, and sometimes includes informal presentations to the FCPF TAP and more advisory discussions in addition to formal review of submissions. These reviews are conducted in parallel to the extensive due diligence, including technical components, completed by the Facility Management Team at the World Bank. The FCPF TAP does not review the related later Emissions Reduction Payment Agreements (ERPA) submitted to the FCPF's Carbon Fund (baastel and NORDECO 2011).

The first independent external evaluation of the FCPF found that “there exists most definitely a value-added...The role played by the [FCPF] TAP of *advisor*, alongside that of *reviewer* appears to also have enhanced the added value of the [FCPF] TAP to guide countries forward, yet allowing them the flexibility to amend the drafts according to their priorities and own interpretations” (emphasis in original) (baastel and NORDECO 2011). The evaluation also found that “The review process through the [FCPF] TAP has been an effective and efficient mechanism for providing sound and independent inputs [to proposal reviews]” (baastel and NORDECO 2011).

However, it found that “the [FCPF] TAP review process is labor-intensive for both the reviewers and the Participant countries [...] Various people commented on their perception of ‘overkill’ with regard to the successive reviews of what is still, in effect, only a plan and not implementation” (baastel and NORDECO 2011). It also found “apparent inconsistency in regard to the [FCPF] TAP reviews, and in particular the level of critique applied to some countries as opposed to others [...] Other comments raised have included concerns around biases of [FCPF] TAP members as well as what has appeared to be a progression from very critical reviews in the first rounds of submissions, to reviews that may be more inclined to avoid upsetting Participant Country governments [...] The diversity of [FCPF] TAP review teams has led to an inevitable diversity in types of comments and level of critique” (baastel and NORDECO 2011).

The evaluation concluded that “[T]he review process through the [FCPF] TAP has been an effective and efficient mechanism for providing sound and independent inputs to R-PPs, although the multiple stage [FCPF] TAP review process has meant that in some cases it has been lengthy. This process has been further strengthened by the addition of [Participants Committee] members from participating countries in the review process, which has proven to be a valuable peer-to-peer mechanism [...] The review mechanism within the FCPF (such as the [FCPF] TAP and increasingly ‘peer to peer’ reviews from [Participants Assembly] members) has been a self-reinforcing process that has “raised the bar” in terms of expectations as well as outputs” (baastel and NORDECO 2011).

## Climate Investment Funds

Since 2008, the World Bank's US\$8.3 billion Climate Investment Funds (CIF) has provided support to 72 developing and middle-income countries across the world through several programs under two overarching funds: the Clean Technology Fund (CTF, US\$5.6B), and the Strategic Climate Fund (SCF), which includes the following targeted programs: Pilot Program Climate Resilience (PPCR; US\$1.2B), and Scaling Up Renewable Energy (SREP; US\$780M), Forest Investment Program (FIP; US\$775M). The CTF also has subprograms, such as the Dedicated Private Sector Programs (DPSPs). Broadly, "CIF concessional financing offers flexibility to test new business models and approaches, build track records in unproven markets, and boost investor confidence to unlock additional finance from other sources, particularly the private sector and the multilateral development banks that implement CIF funding" (CIF 2018).

The CIF has never used their Administrative Unit for technical reviews, instead the individual Trust Fund Committees have maintained review responsibilities. The average time between plan endorsement and committee project approval for the Clean Technology Fund is 18 months (Amerasinghe 2017).

A recent evaluation of the CIF found many inconsistencies in the review process, yet noted that "requirements for formal external review of projects have added little value to Multilateral Development Bank procedures, coming too late in the process". Specifically, regarding the Clean Technology Fund, the evaluation cited a lack of evidence that external project reviews enhanced project quality above and beyond the standard review procedures usually employed (ICF 2014).

## NAMA Facility

The NAMA Facility was established in 2013 by Germany and the UK, with other donors joining in recent years. It provides financial support to countries across the world that are eligible for Official Development Assistance (ODA) for Nationally Appropriate Mitigation Action (NAMA) support projects which are intended to be the most ambitious part of an overall NAMA concept.<sup>8</sup>

A total of 21 projects were selected in the first four calls typically receiving between EUR 5-20 million. Key requirements for project selection include: implementation readiness, mitigation potential, and degree of transformational change. Cross-border, regional, and cross-sector submissions are possible.

Significant adjustments have been made after the 3<sup>rd</sup> and 4<sup>th</sup> calls to incorporate lessons learned through implementation as well as to incorporate feedback and recommendations from a recent evaluation, discussed below. For example, for the first three calls, the NAMA Facility relied primarily on their Technical Support Unit (TSU) for technical review, contracting external expertise only as needed for specialized technical issues. However, as part of other changes, an external assessment team was contracted for the 4<sup>th</sup> call to provide additional feedback to supplement the review by the TSU. This was done in part to enhance the stakeholder perceptions of transparency of the assessments (LTS 2017).

A recent evaluation noted that the application of the selection criteria led to a bias toward international technical assistance organizations, which was inconsistent with the Theory of Change. It is also noteworthy that the NAMA Facility implemented a two-stage process in the 4<sup>th</sup> call to help ensure that high level feedback is provided earlier in the process. They also provide more guidance in proposal development. The outline phase now includes an onsite assessment to allow for a more thorough review.

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<sup>8</sup> Per the UNFCCC, NAMAs refer to any action that reduces emissions in developing countries and is prepared under the umbrella of a national governmental initiative. They can be policies directed at transformational change within an economic sector, or actions across sectors for a broader national focus. NAMAs are supported and enabled by technology, financing, and capacity-building and are aimed at achieving a reduction in emissions relative to 'business as usual' emissions in 2020. NAMAs can be at the national or individual action level. For more information, see: <http://unfccc.int/focus/mitigation/items/7172.php>



In addition, technical input (appraisal) during the detailed project preparation phase is being provided by external experts from the TSU expert pool (LTS 2017).

## **Adaptation Fund**

The Adaptation Fund was operationalized in 2007 under the Kyoto Protocol of the UNFCCC to address climate adaptation and resilience activities in the following areas: agriculture, coastal management, disaster risk reduction, food security, forestry, rural or urban development, and water management. From 2010 through 2017, the Adaptation Fund had approved 99 readiness grants and projects representing US\$ 461 million worldwide. The average funding awarded per project is US\$6.5 million (Amerasinghe 2017).

Both small-size and regular proposals undergo either a one- or a two-step approval process. In the two-step approval process a brief project/programme concept shall be submitted as first step followed by a fully-developed project/document. Funding will only be reserved after the approval of a fully-developed project document.<sup>9</sup> The average time in FY2012–15 between first submission of proposal to board approval for one-step projects is 8.1 months and for two-step projects, 12.6 months (Amerasinghe 2017).

The Secretariat performs a consistency check and conducts a technical review. Once all points of clarification have been addressed, the Secretariat forwards the proposals and the technical reviews to the Project and Programme Review Committee (PPRC), which is made up of a subset of the Board and its alternates, all of whom are government representatives, with varying degrees of relevant technical expertise. The PPRC reviews the documentation and prepares a final recommendation to the Board. The PPRC may use independent adaptation experts to provide input as needed. The Adaptation Fund posts project concepts and full project online for public review and comment before the its secretariat has completed the screening and technical review process (Adaptation Fund Board, 2017).

A recent evaluation of the Adaptation Fund recommended that approval of project/program proposals be delegated to the Secretariat, noting that further layers of review add little technical or other value (TANGO-ODI, 2015).

## **Discussion of selected criteria**

This section highlights a few examples of cross-comparisons between funds using criteria selected from the framework presented above to help illustrate the similarities and diversities of approaches between funds.<sup>10</sup>

Regarding who will be responsible for reviews, three of the funds reviewed, FCPF GCF and GEF, use some sort of independent technical panel in addition to varying degrees of review by the respective Secretariats. The NAMA Facility recently added an additional review by an independent consortia of consulting firms to supplement the Secretariat's review. For the AF, a subset of the Board conducts a technical review of the submissions in addition to the Secretariat review. The CIF devolves review functions to MBDs so this process would vary significantly.

The GEF, GCF, AF and NAMA facility allow for, but do not necessarily require a two-step review process. The NAMA Facility, for example, recently shifted from a one step to a two-step process as a result

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<sup>9</sup> Review criteria for the Adaption Fund are: (a) Level of vulnerability; (b) Level of urgency and risks arising from delay; (c) Ensuring access to the fund in a balanced and equitable manner; (d) Lessons learned in project and programme design and implementation to be captured; (e) Securing regional co-benefits to the extent possible, where applicable; (f) Maximizing multi-sectoral or cross-sectoral benefits; (g) Adaptive capacity to the adverse effects of climate change.

<sup>10</sup> In the interest of space as well as the data gaps, not all points for each fund are discussed.

of adaptive management. The GCF is considering requiring ITAP review at the concept note stage for at least some projects, to supplement the review already being conducted by the Secretariat. The FCPF has a multi-stage review process that allows for multiple rounds of review of updated versions of the same concept. It is interesting to note that the overall time from initial submission (e.g. of concept note) to approval usually lasts 1-2 years, regardless of review approach.

## Conclusions and Lessons Learned

This review resulted in mixed findings and showed that the proposal review process is extremely complex. A variety of approaches have been tested, and none of the funds has a directly comparable technical review process with another. For example, most have a strategy of working with the submitter to improve – avoiding a formal rejection, while a few reject submissions, yet with the potential to resubmit if the issues are remediable. All evaluations reviewed addressing these funds reported challenges of varying degrees with the technical review functions as well as with perceptions of political decision making. Virtually all funds examined deal with issues around country readiness and paradigm shift/transformational change. Also, most funds have adjusted their original protocol over time as they seek to optimize the process for their needs.

Yet, the review of approaches to application review reveals the following consistent observations and universal good practices:

**There is no clear-cut path for submission review.** There are a variety of approaches and each have their strengths and weaknesses which may be more appropriate for one context or another. This implies that the review approach chosen should consciously reflect the priorities of the fund and should be periodically reviewed.

**Early feedback is desired.** Feedback in earlier stages, even if only at higher level of guidance, is seen as more efficient and leading to less frustration on the part of applicants. This also facilitates submissions from entities who are unwilling to risk the cost of developing a full proposal while having little confidence in its ultimate success. Similarly, this can facilitate funding support at a staged level.

**Quality and readiness of proposal submissions are uneven – many applicants need support.** Many concepts, especially from new entities in developing countries need significant support to move from the concept to full proposal stage to reach the appropriate level of readiness and address all relevant selection criteria. Also, the availability of data varies widely between countries. Recognition of this dynamic should be built into the process from the outset.

**Transformational change continues to be elusive.** Funds that prioritize projects with clear paths to transformational change and paradigm shifts still struggle to find fully worthy proposals. This appears to be partially a definitional and guidance issue by the relevant Boards or governing bodies and partly the character of the existing concepts that are ready for the proposal stage.

**The totality of the submission should be considered.** Transformational projects addressing climate change are often complex and involve many different entities for successful implementation over several years. Reviews that are too narrowly focused risk providing incomplete assessments. For example, if an approach is technologically feasible, but the supporting institutional systems are not ready, the project will fail – or vice versa.

**Approval criteria should be clearly defined and consistently applied.** Most, if not all, funds have challenges defining the selection criteria, particularly in the early stages. Keeping within the funds' priorities, they need to be broad enough to cover the diversity of circumstances yet specific enough to provide meaningful thresholds that can be consistently applied. This is especially important when you have multiple reviewers, be they internal or external, who only look at certain proposals, such as those in their specialty area. Periodic quality assurance of the review process, a 'review of the reviewers,' will help facilitate the needed consistency and identify gaps.

**A thorough approval process is time-intensive and may require onsite visits.** This issue is closely related to the quality of proposals discussed above. Funds operating on overly optimistic assumptions about the quality of proposals find themselves questioning their (perceived) inefficiency and typically re-examining the processes to provide more support and to adjust thoroughness based upon assessed risk.

**Relevant local expertise enhances the quality and usefulness of reviews.** Most of the evaluations of other funds reviewed specifically noted the need for the appropriate regional as well as technical expertise to provide sufficient context for the review and help ensure recommendations were relevant and appropriate.

**Funding decisions are often (perceived as) political.** Multi-donor funds deal with perception issues around how funding decisions are made, whether it be a perceived preference for a particular class of proposal submission (e.g. technology type, or country profile), or a perception that decision-makers (such as developing country representatives serving on mixed boards) are overly hesitant to reject a proposal from another country even if it might not fully comply with the funding criteria.

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