SUBMISSION OF THE SOUTH CENTRE TO THE TRANSITION COMMITTEE TO DESIGN THE GREEN CLIMATE FUND

ON THE ISSUES OF WORKSTREAM 4 – MONITORING AND EVALUATION

The following is a Submission of the South Centre, an inter-governmental organization comprising developing countries, and an Observer organisation of the UNFCCC, to the Transition Committee to Design the Green Climate Fund. This Submission is on the issues relating to Workstream 4 of the Committee, and broadly follows the themes of the workstream provided by the Co-Facilitators. The Centre may wish to revise this Submission in due course. The Centre will also make Submissions on other workstreams.
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1. Monitoring and Evaluation: The Mandate

The terms of reference for the Transition Committee include two relevant elements in relation to Workstream 4:

- A mechanism to ensure periodic independent evaluation of the Fund's performance; and

- Mechanisms to ensure financial accountability and to evaluate the performance of activities supported by the Fund, in order to ensure the application of environmental and social safeguards as well as internationally accepted fiduciary standards and sound financial management to the Fund's activities;

2. Independent evaluation of the Fund's performance

Introduction

There should be periodic independent evaluations of the performance of the Fund, in relation to several aspects, such as the performance of the Fund as a whole (which would be accountable to the Conference of Parties), evaluation of the Secretariat and the Interim Trustee ,assessments of the appropriateness of Fund's structures, operations and policies, the extent of responsiveness to needs of the recipient countries, the effectiveness of the work of the thematic windows and departments, and the impacts on the recipient countries of the activities and programmes supported by the Fund.

The evaluation should be undertaken by an independent evaluation unit of the Fund, which is answerable directly to the Board, so that it is able to carry out its task without being answerable to the Secretariat management as the Secretariat is one of the organs of the Fund which it will be evaluating. For the evaluation of the Fund as a whole (including its Board), the evaluation should be carried out under the direction of the COP.

Rationale and Types/Levels of Evaluation

As well as seeking stakeholder input, effective governance requires appropriate checks and balances to assess performance and enable course corrections when required. **Independent evaluation or assessment of the fund, fund entities and fund operations and projects plays a key role in enhancing decision-making, accountability and effectiveness**.

Evaluation is required on a number of related levels:

- **Fund level**. Evaluation of the Fund and its overall performance is required to ensure it achieves its objectives and remains accountable to the Parties through the Conference of Parties.
- **Entity level**. Evaluation of the fund's various entities and officers – including its secretariat, trustee and other bodies – is required to ensure the components of the Fund are effectively performing their functions and contributing to the effectiveness of the fund as a whole.
- **Thematic level**. Evaluation is required of the Fund's operations in each of its specific thematic areas – mitigation (including forests), adaptation, technology, finance, capacity and national reporting – to ensure it is achieving the specific objective set in relation to each thematic area.
- **Project level**. Evaluation at the level of implementation – including the provision of financing and its application to specific projects – should be undertaken in collaboration with relevant implementing partners and countries.

Evaluation of fund entities, thematic areas and projects can be undertaken by a body or bodies reporting to the Fund Board. Ultimately, assessment of the Fund as a whole is to be undertaken by the Conference of the Parties, or in a process directed by the COP.

Evaluations at different levels are related; project assessments, for example, provides information relevant to assessment of the overall effectiveness of the Fund by the Conference of Parties.

Evaluations must be independent to be informative. In this regard, **a body or bodies that are independent of the Fund Board, Secretariat and other entities should undertake the assessment function**, while also remaining accountable to the Board and the Parties. Other funds provide relevant examples:

- **The Global Fund for AIDS, TB and malaria.** The Global Fund, for instance, includes a Technical Review Panel of independent and impartial experts appointed by the fund board to guarantee the integrity and consistency of its review processes, as well as a permanent Ethics Committee of the fund board.
- **The Multilateral Fund of the Montreal Protocol.** In the case of the Multilateral Fund, the secretariat is responsible for monitoring activities at different levels, including information relating to project performance reported by implementing and bilateral agencies. It has standardized the format for progress reporting, to facilitate oversight by the board. The board, in turn, oversees the Secretariat's monitoring activities and evaluates projects against milestones for the completion of various stages of a project. The board approves an annual Monitoring and Evaluation work programme that includes proposed evaluation studies as well as a budget for their implementation.[1]
- **The Global Environment Facility.** The GEF has established an Evaluation Office to set minimum requirements for monitoring and evaluation, undertake oversight at program and project levels, and share evidence within GEF. It evaluates sets of projects that involve more than one implementing or executing agency and provides annual performance and impact reports, evaluations of country portfolios and thematic evaluations of programs, processes and cross-cutting or focal areas.[2]

Evaluation at the project and thematic level will require a major investment of time and resources. This could be undertaken under the guidance of an independent panel reporting to the Board, and with assistance by an office established within the Secretariat. Evaluation of Fund entities (including the Secretariat), by contrast, requires a greater level of independence and could be conducted by the independent panel with external assistance. In each case, information would be provided to the Board for its consideration on a regular (e.g. annual) basis.

Information on the Fund's performance – including its various entities, thematic areas and projects – could be regularly compiled by the Board for consideration by the Conference of Parties, which could provide additional oversight and guidance as appropriate. Ultimately the design of any evaluation function must reflect the functions and relations of the Fund entities and will have to be adjusted accordingly.

Evaluation of the fund and its operation is related to, but distinct from, assessment of compliance by Parties with their commitments under the Convention. Issues relating to measurement, reporting and verification of the provision of financial resources, technology transfer and capacity building by developed countries, and of the actions they support, has to be addressed separately.

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[1] Multilateral Fund, *Evaluation, at* http://www.multilateralfund.org/evaluation.htm
[2] Global Environment Facility, *About GEF Evaluation Office*, at http://www.thegef.org/gef/about_evaluation_office

3. Environmental and Social Safeguards

The programmes and projects to be funded should be environmentally and socially appropriate, and in line with the objectives and principles of the Fund. However the assessment and procedures to ensure they meet minimum environmental and social standards should not become a complicated conditionality, especially one that has items or indicators that are not relevant, which has been the case with other funding or financial institutions.

One of the safeguards should be in relation to appropriateness of technology, since a large part of the Fund's resources can be expected to finance the introduction, development or transfer of technologies. There should thus be a process of Technology Assessment. The technologies must therefore be assessed as to their appropriateness. The criteria may include: intensity of emissions of Greenhouse Gases; soundness in terms of other environmental criteria; safety with regard to human health and the environment; affordability; economic cost and efficiency. It can be expected that there may be a trade-off when assessing a technology, between some of the objectives of the set of criteria.

The safeguards for the different types of activities should be worked out and adopted at a general level by the COP and at a more detailed level by the panels of experts, the Secretariat and the Board.

4. Financial accountability, Fudiciary standards and Financial management

The recipient countries and their institutions that are designated to receive the funds and to allocate them to relevant agencies and institutions are to abide by the principles of financial accountability, good fudiciary standards and sound financial management. However the standards and procedures should not be overly complex so that they are inappropriate for developing countries. The Transition Committee should develop the procedures and standards, to be brought together in a set of Guidelines. However if time does not permit this to the level of detail required, further work on it can be undertaken by the Conference of Parties or/and the Board.

It is essential that the designated institutions and personnel in the developing countries be provided with training, capacity building and institutional development in relation to financial management and accountability. This should be financed through an appropriate window (Capacity Building and Institutional Development) of the Fund. This capacity building should be implemented as a priority so as to ensure that financial resources can be transferred as soon as possible, i.e. when the institutions and personnel are established and prepared for the tasks of financial management and accountability.