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Report on the survey of relevant funds and institutions and lessons learned
A note on the results of surveys and interviews

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I. Introduction

1. In order to provide relevant background information to the members of the Transitional Committee for the design of the Green Climate Fund (GCF) on relevant funds and institutions (hereinafter referred to as funds), the co-facilitators for workstreams 1 and 3 requested the Technical Support Unit to conduct a survey of funds. The objective was primarily to gather the funds experiences and lessons learned as background information for the design of the GCF, and secondarily to better understand current climate financing. The survey was sent out to 25 funds.[1] This report studies 22 of these funds (responses were received from 20, and supplementary information was used in the case of the two others). In addition to the survey inputs, follow-up interviews with the staff of some of the funds were carried out. The survey analysis was supplemented with a literature review.[2]

II. Background information on the funds

2. The survey results provide a general sense of the size and scale of the funds surveyed, how much of those resources are dedicated to climate finance and what level of resources are allocated to mitigation and to adaptation.

3. Survey respondents used very different methods to estimate the scale of their operations. The following differences in scale were noted: annual operations ranging from EUR 25 million (AWF[changed for consistency, but please note that acronyms and abbreviations would normally be defined in the main body of the text rather than in a footnote]) to USD 12.5 billion (IFC); annual volume of approved funding ranging from USD 43 million (the Adaptation Fund) to USD 12 billion (IADB); and annual volume of disbursed funding ranging from USD 12.34 million (the Adaptation Fund) to USD 10 billion(IADB).

4. With regard to climate-related funding, respondents reported ranges from EUR 25 million (AWF) to EUR 2.8 billion (AFD). The percentage of total operations reported as dedicated to climate-related funding ranged from 0 percent (DBSA KZN PGF, GAVI and Global Fund to 100 per cent (Adaptation Fund, AWF, CIFs, EIB CCEFP, EIB GEEREF and NeCF.

5. With regard to the length of time taken to design each fund, most of the funds that responded were established within a two-year time frame, with the exception of the Adaptation Fund, which was created in November 2001 and fully operationalized in March 2010. The operationalization of the Adaptation Fund was delayed pending the entry into force of the Kyoto Protocol in 2006. [See annex 1 for further information on the basic facts.]

1. Governance and administration

6. The funds included in the survey represent a wide variety of models with different legal status that may be relevant to GCF design. Essentially, four basic models emerge:

(a) Independent multilateral or regional development agencies, including ADF, EBRD, IADB, IDA, IFAD and IFC;

(b) International funds with legal status, including the Adaptation Fund, GAVI Alliance, the Global Fund and the Multilateral Fund;

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[1] Adaptation Fund, Agence Française de Développement (AFD), African Development Fund (ADF), African Water Facility (AWF), Asian Development Fund (AsDF), Climate Investment Funds (CIFs), Congo Basin Forest Fund (CBFF), Development Bank of Southern Africa KZN Provincial Growth Fund (DBSA KZN PGF), European Commission/blending mechanisms, GAVI Alliance, Global Environment Facility (GEF) (including specialized climate funds), European Bank for Reconstruction and Development (EBRD), European Investment Bank's Climate Change and Environment Fund Investment Programme (EIB CCEFIP), EIB's Global Energy Efficiency and Renewable Energy Fund (GEEREF), Global Fund to Fight AIDS, Tuberculosis and Malaria (hereinafter referred to as Global Fund) International Development Association (IDA), International Fund for Agricultural Development (IFAD), Inter-American Development Bank (IADB), International Finance Corporation (IFC), Japan International Cooperation Agency (JICA), German Development Bank (KfW) Development Department, Multilateral Investment Guarantee Agency (MIGA), Multi-Donor Trust Fund with the United Nations Development Programme (UNDP), Multilateral Fund for the Implementation of the Montreal Protocol (hereinafter referred to as Multilateral Fund) and Nordic Environment Finance Corporation (NEFCO) Carbon Fund (NeCF). In addition, Green for Growth Fund and Global Climate Partnership Fund.

[2] A list of the literature used can be found on Annex 1 <http://unfccc.int/files/cancun_agreements/green_climate_fund/application/pdf/tc3_inf2_annexes.pdf>.

(c) Multilateral development banks (MDBs) /United Nations/regional trust funds with no legal status, including AWF, CIFs, CBFF, DBSA KZN PGF, the GEF, EIB CCEFIP, EIB GEEREF, the European Commission (EC) blending mechanisms, UNDP MDTF and NeCF;

(d) National and regional development agencies such as AFD and KfW Development Finance unit.

7. The governance structure and administrative arrangements provided for each fund follow similar, but not identical, patterns, depending on which basic model has been chosen.

2. Legal status

8. The legal status of the studied funds is summarized as follows:

(a) Multilateral and regional development agencies are established by treaty/charter/articles of agreement since they are international entities. Such documents confer legal capacity and personality on them;

(b) The international funds with legal status: the Adaptation Fund and the Multilateral Fund were established through intergovernmental negotiating processes, and the Multilateral Fund is a treaty-based fund. The Global Fund was a direct result of the United Nations General Assembly Special Session on HIV/AIDS in June 2001 and the adoption of United Nations General Assembly resolution S-26/2 Declaration of Commitment on HIV/AIDS at that session. Both the Global Fund and the Multilateral Fund have international juridical personality, while the Adaptation Fund does not. However, the Adaptation Fund Board has been granted legal capacity by the Government of Germany under its national laws. The legal status of all three international funds may be conferred by their governing bodies or by the national law of their respective host governments. GAVI was originally formed as two complementary structures, a non-legal entity and a charity, but was later reorganized into one legal entity under the Swiss foundation law, and recognized as an international institution by the Government of Switzerland;

(c) Hosted trust funds follow the models allowed under the policies and practices of their host agencies;

(d) Bilateral and regional development agencies are set up under the legislative authority of the governments that create them, and their legal form can vary depending on the functions required of the fund. [See annex 2 for more information on the legal status issue.]

Lessons learned: International funds and financial institutions may be created in various ways, such as through a treaty/international agreement, a decision of an intergovernmental negotiating process or by international organization(s). International fund/financial institutions may have legal status, if it is determined that legal status is an essential element for their operations. The legal status of treaty-based funds/financial institutions are normally contained in the treaty, and where this is missing it could be conferred by national laws of one or more States. Similarly, international funds/financial institutions established by intergovernmental process may also have legal status conferred on them through a decision of their governing bodies, which would require legislative action by one or more States to give effect to such decisions. Funds with no legal status depend on other institutions for legal and administrative support.[3]

3. Governing body

9. All of the surveyed stand-alone agencies and funds are governed by and accountable to a dedicated board, governing council or executive committee. Trust funds are set up in a variety of ways. Some are accountable to their own governing bodies and/or donors, and some are also accountable to the governing body of their host institution. [See annex 3 for more information on the decision-making bodies.]

[3] For further information on the elements of legal status and the options for conferring legal status are contained in the background note prepared for workstream II: Governance and Institutional Arrangements, "Review of the legal status of select international funds and financial institutions" (TC-2/WSII/2) dated 29 June 2011.

4. Composition of the board

10. The boards of all multilateral, regional and national development agencies are made up of representatives of member countries, with the exception of the KfW Board, which includes representatives of various banks, industry, municipalities and trade unions. Surveyed development agencies do not allow observers to their board meetings, with the exception of IFAD, which allows observers to the governing council meetings upon invitation. Out of the international funds with legal status both GAVI and the Global Fund have non-governmental members in their boards. Over half of the GAVI Board consists of non-governmental representatives (manufacturers, non-governmental organizations (NGOs), research institutions and international organizations), and the Global Fund has stakeholder representatives as both full voting members (the private sector and foundations, NGOs and affected communities) and as ex-officio non-voting members (representatives of development agencies). The Adaptation Fund and the Multilateral Fund do not have representation of stakeholders in their boards, but allow stakeholders as observers on a normal (often unless there is objection). In addition, industry representatives are often included in the country delegations of the Executive Committee of the Multilateral Fund.

11. Four of the hosted trust funds have non-governmental representatives in their trust fund governing bodies as follows: DBSA KZN PGF has three private-sector and two provincial government representatives; some of the UNDP MDTFs have NGOs/civil society organizations (CSOs) as members; EIB GEEREF has some expert members; and CBFF has one representative of regional civil society as a full member and representatives of a few selected international organizations as non-voting ex-officio members. In addition, the CIFs have institutionalized formal active observer roles (allowed to suggest agenda items and contribute to discussions) for civil society, the private sector and in some cases indigenous peoples in the governance of the trust fund. Furthermore, AWF and the GEF allow NGOs and the EC's blending mechanisms allow finance institutions as observers. [See annex 5 for more information on the stakeholder participation in the governance structures.]

5. Decision-making procedure

12. Ten of the surveyed funds stated that decisions are normally adopted by consensus. In some cases if all efforts at reaching consensus have been exhausted, decisions can be taken by two-thirds majority (Adaptation Fund, GAVI) or 60 per cent majority of the total participants and total contributions (the GEF). EIB CCEFIP and GEEREF, IADB, IDA and the KfW Board decide by voting, and GEEREF has unanimity as a voting principle. [See annex 4 for more information on the decision-making procedure.]

6. Advisory bodies to the board

13. Nearly all funds surveyed indicated that major decisions, including the approval of projects, are taken by the board. At least six of the studied funds have technical/expert review groups/panels that support the board. GAVI and the Global Fund have a review committee/panel with an official authority to review new proposals, and the Adaptation Fund has an Accreditation Panel ensuring that organizations receiving the Fund's resources meet the fiduciary standards. [See annex 3 for further information on the advisory bodies.]

7. Provisions to avoid conflict of interest

14. Fourteen of the funds described either having their own rules of procedure, code of conduct or a similar policy, or following the policies of their host institution. Normally the policies on avoiding conflict of interest include at minimum board members having the responsibility of declaring a conflict of interest prior to or at the meeting; there can also be policies on disclosure of information. The IFC Board has its own Ethics Committee that advices the Board officials or the President on matters related to conflict of interest. [See annex 4 for more information on the provisions to avoid conflict of interest.]

8. Secretariat

15. The multilateral, regional and national development agencies have their own staff. Therefore, the report focuses here on the review of the secretariats of the other international funds and trust funds. The Global Fund, Multilateral Fund and GAVI all have independent secretariats, while the Adaptation Fund's secretariat services are provided by the GEF on an interim basis. The hosted trust funds typically rely on the staff and capacities of their host agencies, and thus only two of them (DBSA KZN PGF and the GEF) have an independent secretariat. The size of the secretariat naturally varies, ranging

from large international funds to small trust funds; table 1 presents the size and the costs of some of the secretariats.

Table 1. Secretariat independence, interim arrangements, size and costs

Funds	Independent secretariat	Interim secretariat	Secretariat size	Secretariat costs
Adaptation Fund	No	The GEF has been an interim secretariat since AF inception	7 people. Additional 15 GEF secretariat staff provide support on ad-hoc basis	Projected expenses USD 1.16 mn, 0.47% of costs against total funds available
AWF	No	No	16 people	EUR 1.87 mn, comprising operations (EUR 1.09 mn); technical assistants (EUR 135 k); salaries (EUR 275 k); project audit (EUR 375 k)
CIFs	No	Yes	17 full-time staff and 9 consultants	The average administrative costs for FY10-FY12 is around USD 7.4 mn. At this rate of cost the total administrative costs will be approximately USD 37mn by fiscal year 2014, or 0.6% of the USD 6.4 bn pledged to the CIFs
CBFF	No	Yes, between July 2008 and October 2009	10 people. Additional support from ADB staff.	Secretariat administrative and operating budget represents 6% of the total fund allocation
DBSA KZN PGF	Yes	Yes (DBSA)	4 people	Approx. 0.75% of total fund value
EC blending mechanisms	No	No	6 people	Costs are limited since the secretariat is provided by the EC. Eligible finance institutions have also sent free of charge experts to support the secretariat and create a front office, managing external relations and development investments facilities
GAVI Alliance	Yes	Yes, earlier (UNICEF)	125 full-time staff, part-time staff and consultants as needed	Annual secretariat costs approx. 5% of total annual spending. This amount is made of about.55% staff payroll and related costs, about 23% professional/consultant fees, about 15% office costs including rent and 7% all other
GEF	Yes	No	98 people	The approved GEF secretariat budget for fiscal year 2012 is USD 18.5m, against an expected programming of USD 1bn
Global Fund	Yes	Yes, earlier (WHO)	568 people	No information
Multilateral Fund	Yes	No information available	28 people	No information

9. Trustee

16. International, regional and national development agencies do not have trustees and neither does GAVI, but all three other international funds with legal status (Adaptation Fund, Global Fund and Multilateral Fund) have trustees. Six out of 10 of the hosted trust funds have trustees. Of all the surveyed funds, only the Adaptation Fund has interim trustee arrangements; all other trustees are permanent. Table 2 shows the accountability and functions of the trustees.

Table 2. Accountability and functions of the trustee

Funds	Trustee	Accountability	Functions of the trustee
Adaptation Fund	World Bank	Accountable to the AF Board for the performance of its fiduciary responsibilities and in particular for the monetization of certified emission reductions (CERs). The trustee has no responsibility for the use of the AF resources and activities carried out	• Holds in trust the funds, assets and receipts that constitute the AF • Manages the trust fund funded by the monetized shares of the proceeds of CERs and other sources of funding • Provides administrative, HR and IT support, etc.
AWF	AfDB	No information	• Financial and fiduciary management • Approval of projects
CIFs	World Bank	Accountable to the governing bodies of the CIFs, but has no responsibility for the use of the CTF and SCF resources transferred and activities carried out	• Establishes and maintains a trust fund for the CTF and SCF to receive contributions • Holds in trust, as a legal owner, and administers the funds, assets and receipts and takes care of accounting, record-keeping and financial reporting of the trust funds • Develops and ensures the sound financial structure and operational procedures and controls of the trust funds • Manages the contribution process with contributors • Investment management of funds • Financial analysis and monitoring of liquidity • Records funding decisions taken by the governing bodies, and making commitments and cash transfers to MDBs based on those decisions • Coordinates with the CIF Admin Unit and the MDBs to develop best practice operational policies relating to financial transactions • Donor relationship management • Drafting of legal documents as required • Performs other duties, as relevant, as requested by the trust fund committees
CBFF	AfDB	Trustee acts as the legal owner of the CBFF.	• Holds in trust the funds, assets and receipts which constitute the resources of the Fund, and manage them as agreed
GEF	World Bank	Trustee is the legal owner of the GEF Trust Fund and functions as the trustee of the Fund and is accountable to the GEF Council for the performance of its responsibilities. The trustee is not responsible for the use of the funds so transferred or the activities carried out therewith	• Manages the funds, assets and receipts of the GEF Trust Fund • Takes care of mobilization of resources for the GEF Trust Fund and the financial management of the Fund • Makes commitments and transfers funds from the GEF Trust Fund to GEF implementing and executing agencies under transfer agreements with them • Maintains appropriate records and accounts of the Fund, as well as monitors the application of budgetary and project funds • Provides administrative, HR and IT support, etc.

Global Fund	World Bank	No responsibility of the end-use of funds.	The trustee has a limited range of duties, as follows: • Manages Global Fund contributions and liquidity. • Oversees the Fund's investment portfolio as part of the combined investment portfolio for all TFs administered by the Bank. • Disburses funds in accordance with written instruction from the Fund secretariat. • Prepares regular financial reports on the Global Fund • Does not have responsibility for mobilizing resources for the Global Fund or for any assessment or supervision of Global Fund activities.
MDTF/ UNDP	UNDP/ MDTF office	Trustee does not make any decisions on the approval of funding to recipient organizations/entities, and is thus not accountable to those.	The trustee is appointed through an MOU which specifies responsibilities and accountabilities of the trustee, fees, etc. Responsibilities normally include: • Receive contributions from donors • Administer funds received • Disburse funds to each of the recipient organizations/entities in accordance with instructions from the Board/Steering Committee • Consolidate financial statements and reports, based on submissions provided by recipient organizations/entities and in accordance with reporting provisions of the MOU/SAA • Provide final reporting, including notification that the MDTF/JP has been operationally completed
Multilateral Fund	UNEP (Fund Treasurer)	No information	The Fund Treasurer is responsible for: • Receiving and administering pledged contributions (cash, promissory notes or bilateral assistance) • Disbursing funds to the Fund secretariat and the implementing agencies based on the directive of the Executive Committee
NeCF	NEFCO	NeCF is a trust fund administered by NEFCO.	No information

III. Clients, recipients, eligibility criteria and operation of funds

1. Fundraising/sources

17. AWF, CBFF, the GEF, the Global Fund, IFAD and UNDP MDTF receive their resources in the form of grants only. The others receive a mixture of sources consisting of one or a combination of the following: loans, loan reflows, capital, international levies, investment income, internally generated resources, profits, retained earnings and certified emission reductions issued for projects of the clean development mechanism of the Kyoto Protocol. DBSA KZN PGF, GEEREF, IFC and NeCF do not report receiving any grant funding.

18. GEEREF (there are plans to get private funding in the future), the GEF and the Multilateral Fund report receiving all their resources from governments, and all the other organizations studied receive their resources from governments, together with at least part of the funding coming from a different combination of other sources (CSOs, private foundations, private financial institutions, capital markets and individuals). ADF, EBRD, the EC, GAVI, the GEF, IDA, IFAD, the Multilateral Fund and UNDP MDTF all have regular replenishment cycles. The financial institutions such as AFD, EBRD, EIB, IADB, IFC and KfW tend to use issuance of bonds as a fundraising mechanism, and AWF, GAVI, the GEF, the Global Fund, DBSA KZN PGF, IADB, IDA, UNDP MDTF, and NeCF receive part of their funding from the private sector or private foundations.

19. All funds apart from the Adaptation Fund mentioned either attracting co-financing from other institutions (AWF and CBFF), or playing a catalytic role in leveraging funding from multiple sources, including co-financing from other institutions and trust funds, governments and the private sector.

Please see table 3 on information on funding instruments and activities of the funds. [See annex 6 for more information on fundraising and sources.]

Table 3. Funding instruments and activities

Funds	Funding instruments	Activities
Adaptation Fund	Grants	Programmes, projects and others (Project/programme formulation grants, only for national implementation entity)
AFD	Grants, loans, equity instruments, blended instruments and others (including guarantee, risk sharing, structured finance, budget support, etc.)	Programmes, projects, policies/regulations/institutions, direct budget support, others (guarantee, insurance, risk sharing, investment fund, carbon market etc.)
ADF	Grants, loans and equity instruments	Programmes, projects, policies/regulations/institutions, direct budget support
AWF	Grants	Programmes, projects, policies/regulations/institutions
CIFs	Grants, loans, grants, equity instruments, and blended instruments	Programmes, projects, policies/regulations/institutions and capacity-building/technical assistance
CBFF	Grants	Projects
DBSA KZN PGF	Loans and equity instruments	Projects
EBRD	Grants, loans, equity instruments and other (performance fees and incentives, and guarantee and risk sharing instruments)	Programmes and projects
EIB CCEFIP	Grants. loans, equity investments, blended instruments and other (carbon funds)	Projects, and the programme target funds, which in turn will invest in projects/companies/carbon credits
EC blending mechanisms	Grants, loans, equity instruments, blended instruments, and guarantee mechanisms.	Programmes, projects, direct budget support, and risk capital investments (e.g. first loss)
GAVI	Grants	Programmes and projects
GEF	Grants. GEF grants are often deployed by GEF agencies through projects in the form of low-interest loans, partial risk guarantees, etc., particularly in working with the private sector.	Programmes, projects, policies/regulations/institutions and other (support to meet reporting obligations for various COPs and conventions, and resources to undertake national planning exercises)
GEEREF	Equity instruments and blended instruments	Primarily GEEREF targets funds, potentially directly projects/companies as co-investments[please check wording]
Global Fund	Grants	Does not have own projects/programmes, but invests in other organizations' programmes
IADB	Grants, loans, equity instruments	Programmes, projects and other (guarantees)
IDA	Grants, loans and others (including partial risk guarantees and the intermediation of risk management products)	Programmes, projects, policies/regulations/institutions, direct budget support and others (sector-wide approaches)
IFAD	Loans, grants	Programmes and projects
IFC	Grants, loans, equity instruments and blended instruments	Programmes, projects and policies/regulations/institutions (advisory support for capacity-building, special initiatives)
KFW Development Finance	Grants, loans, equity investments, blended instruments and others (a partial risk guarantee for the blended instruments)	Programmes, projects and direct budget support
MDTF/UNDP	Grants	Programmes, projects and others
Multilateral Fund	Grants and concessional loans	Projects
NeCF	Solely carbon procurement	Projects

2. Windows

20. The survey did not have a specific question on funding windows. However, the note prepared for workstream III: Operational modalities, "Background note: Thematic windows" (TC-2/WSIII/4) dated 29 June 2011 presents and summarizes the key issues regarding the funding windows that some relevant climate change funds are using.

3. Eligibility criteria

21. In most cases, funds' boards (or an equivalent governing body) set eligibility criteria for accessing their respective funds. This is the case for AFD, ADF, CIF (Trust Fund Committee), EIB, the EC, GAVI, the GEF (GEF Council), the Global Fund, IDA (Board of Executive Directors), IFAD (Governing Council), IFC and UNDP MDTF. The Meeting of the Parties to the Montreal Protocol [on Substances that Deplete the Ozone Layer?] set the broader criteria for the Multilateral Fund and the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol set them for the Adaptation Fund, while their executive committee/board is responsible for setting the more detailed criteria. The trustee sets the criteria for AWF in consultation with the Governing Council, and the Fund Manager sets them for NeCF. All other studied funds (CBFF, DBSA KZN PGF, EBRD, GEEREF, IADB and KfW) have varying mechanisms.

4. Who is eligible

22. Governments are the primary recipients for most of the funds, but in the case of the Adaptation Fund they are the only eligible recipient. On the other hand, in the case of DBSA KZN PGF, EIB CCEFIP, GEEREF and IFC, the governments are not among the recipients at all. Some funds are accessible only to countries with specific status (AWF is accessible only to member countries of the African Development Bank; the EC Neighbourhood Investment Facility (NIF) is for European Union neighbouring countries and Mongolia; the Adaptation Fund to non-Annex I Parties; and the Global Fund to lower and lower middle income countries and only in specific cases to upper middle income countries). In addition to governments, NGOs can directly apply for funding or partner with governments to access funding in 17 of the studied funds. The private sector can access 16 of these funds.

5. Stakeholder involvement

23. Most of the funds surveyed reported some form of stakeholder involvement in the programme cycle. AWF, CIFs and the Global Fund seem to be involving the stakeholders throughout the cycle in the most comprehensive way; AWF reported on involving the stakeholders throughout the project cycle (without specifying which stakeholders), the CIFs involve them through stakeholder consultations during the project preparation and design, as well as engages them throughout project implementation in accordance with MDB policies, and the Global Fund has various stakeholders involved in setting the countries' priorities as well as in implementation. The Adaptation Fund consults relevant stakeholders during the design phase, and the GEF engages CSOs on policy issues through its GEF-NGO network. CBFF, EIB, GEEREF, IDA, IFC, and UNDP MDTF involve stakeholders mainly in different means of communication (i.e. workshops and conferences, and other communication channels). KfW reported on involving stakeholders but did not specify how. [See annex 7 for more information on eligibility and stakeholder involvement.]

IV. Monitoring, evaluation and stakeholder inputs

1. Independent evaluation

24. All the surveyed multilateral, regional and bilateral development agencies as well as the GEF and the Global Fund reported having in place an independent evaluation department/office, although the practice of the independent evaluation varies as to whether that process is carried out by internal or external staff. The Adaptation Fund, GAVI and the Multilateral Fund rely on other implementing organizations. They do not have a separate, independent evaluation office but instead have made other provisions to guarantee independence of the evaluation. GAVI and the Multilateral Fund rely on external consultants and/or partners or implementing agencies to assist with their evaluation, while the Adaptation Fund is still in the process of finalizing its evaluation framework. Other trust funds apart from the GEF rely on their host institutions' evaluation processes. [See annex 8 for more information on the monitoring and evaluation (M&E) process of the studied funds.]

Lessons learned: *Independent evaluation offices are recognized as international best practice and the benefits of the offices are increasingly recognized. As an example, Asian Development Bank's monitoring and evaluation is perceived to have improved remarkably since its evaluation office was made independent. There is also a rather broad consensus on how to operationalize the principle of independence. An evaluation office should not have a part in line management structure, and it should report directly to the board or equivalent and have unrestricted access to an institution's staff and records.*[4]

2. Participatory monitoring and evaluation

25. There is increasing focus on involving CSOs in M&E processes. The Adaptation Fund, GAVI and the Global Fund appear to have strong CSO engagement, and IDA has made additional efforts to increase the extent to which CSOs are involved in M&E. However, there is so far little evidence on how the involvement of the CSOs is achieved in practice in all these funds, for instance what type of formal structures gives effect to the goals of engaging them.

3. Results-based management

26. Eight of the surveyed funds (the Adaptation Fund, ADF, CIFs, the GEF, the Global Fund, IDA, UNDP MDTF and the Multilateral Fund) reported having a fund-wide results framework or results reporting system in place. In addition, AFD, CBFF, the EC blending mechanism and IFC mentioned having some methodologies/indicators in place to track project results. The Global Fund and the Multilateral Fund make a clear connection between the results tracking and further release of funding by using a system of two or multiple phased funding agreements which release the next phase of approved funding only if the agreed results are achieved. IFAD is in the process of developing a system for performance based allocation. Other funds did not mention having any such system or specify how the results tracking is followed up and what concrete impacts it might have on the future funding decisions. [See annex 9 for more information on the civil society participation and results-based approach.]

4. Environmental and social safeguards

27. All the funds surveyed had either environmental and/or social safeguard policies or relied on the policies of an institution to which they are linked. Naturally there is much divergence among these policies as well as in their application across institutions. Eleven of the studied funds did not indicate whether they use country systems in the implementation of safeguards. Of those that responded, 10 indicated that they did rely on country systems in some form, with most of them requiring equivalence with international standards or benchmarks. At least 20 surveyed funds also had mechanisms and processes in place for ensuring compliance of safeguards. Most funds preferred preventive mechanisms such as including safeguards compliance in contractual agreements, organizing training and supporting the implementing agencies in other ways. Some of the MDBs (EBRD and IDA) mentioned having a separate unit/officer to monitor safeguards compliance. Only DBSA KZN PGF and GAVI mentioned full compliance as a prerequisite for any future funding approval, and AWF and the Global Fund mentioned suspension of current disbursement as the ultimate measure. [See annex 10 for more information on safeguards.]

Lessons learned: Funds' reliance on the implementation capacity of other entities can lead to significant discrepancies in the standards that are applied to individual projects. This has recently been recognized as a problem by the GEF, which has responded by standardizing the application of social and environmental safeguards across its portfolio of projects. Currently the Adaptation Fund relies exclusively on the safeguards of its implementing entities.[5]

5. Fiduciary standards

28. Financial management and fiduciary standards are increasingly standardized. The survey managed to get information on the fiduciary standards and financial management systems of all but two of the funds studied. The MDBs' fiduciary standards are generally comparable. They include standards for

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[4] *Monitoring and Evaluation Frameworks of Existing International Funds*. Report prepared for the African Development Bank.

[5] As footnote 4 above.

project appraisal to determine that proposed projects will meet their stated objectives, procurement standards to ensure that procurement is economic and efficient, financial management standards to ensure that project funds are used for the purposes for which they are provided and are appropriately accounted for, standards for monitoring projects to detect and assess risks and evaluation standards to assess the extent to which projects achieve their objectives. At the institutional level, MDBs also have external auditors that review their financial statements and internal financial controls, an internal financial control framework, internal auditing entities, financial disclosure requirements, codes of ethics and independent evaluation and investigation functions. In addition, the GEF's fiduciary standards are generally accepted and in some cases go even beyond the MDB standards. The fiduciary standards of the Adaptation Fund and the Global Fund are more general. Most of the trust funds follow the fiduciary standards of their host/implementing entities. [See annex 11 for more information on the fiduciary standards.]

6. Conflict resolution procedures

29. Fifteen of the studied funds have some means of resolving disputes that may arise from specific projects; most of them also have some means of specifically addressing concerns raised by project affected people. There is also an increasing shift for conflict resolution bodies to be made independent of the core management structure of the organization, in the same way that evaluation departments typically are. All MDBs and KfW have an independent panel-like recourse mechanism reporting directly to the Board. The GEF ha a Conflict Resolution Commissioner to resolve any disputes. The Commissioner reports to the head of the secretariat. DBSA KZN PGF reported carrying out the possible conflict mediation on a project by project basis by utilizing independent lawyers. The Global Fund has an Independent Appeals Panel established for applicants whose proposals are not approved for funding.

7. Private-sector engagement

30. Eight of the studied funds (CBFF, EBRD, EIB, the GEF, the Global Fund, GEEREF, IADB and IFC) reported on engaging with the private sector at both the international and the national levels, while AWF reported on the engagement only at the international level, and DBSA KZN PGF and the EC at the national level. The means of engaging with the private sector varied between the funds, and many of them did not give enough details for an analysis. AFD, the EC, UNDP MDTF and NeCF indicated that they engage at the project/programme level in various ways. KfW uses the private sector as project consultants, the private sector is a client of some CIF operations and implementing/executing agencies in some cases in the Adaptation Fund projects. [See annex 12 for more information on conflict mediation and private-sector engagement.]

Exemplary model of comprehensive private-sector engagement: To supplement the analysis made based on the surveyed funds, two of EIB's public-private funds, the Green for Growth Fund (GGF) and the European Energy Efficiency Fund (EEEF), are presented here as exemplary models of a comprehensive private-sector engagement in the funds' governance and operations. The Boards of GGF and EEEF consist of a combination of public- and private-sector members. Neither of them has a secretariat, since their funds are managed by the private sector (respectively, Finance in Motion and Deutsche Bank) based on a public tender process and selection on costs and skills. They also do not have a trustee. Instead, they both have an independent private custodian and administrative agent selected following public procurement. Private-sector and market players were consulted during the design of these funds and asked to provide inputs to increase the effectiveness of project roll-out and attractiveness of the funds for future investors (both public and private).

Additional literature used in this report:

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